

Budget Office Sees U.S. Deficit Over \$65 Billion in '82

WASHINGTON — President Reagan's embattled economic program received another jolt Thursday...

Reagan Gets Warning on High Interest

By Edward Cowan

WASHINGTON — President Reagan's most senior economic advisers have warned him that continuing high interest rates could cut deeply into the economy...

At a White House meeting Wednesday with Cabinet-rank officials, Mr. Reagan was told that unless interest rates come down soon there could be pronounced softening of business investment plans and business inventories...

Administration officials reported the essence of the appraisal as part of a White House drive to prepare Congress for more cuts in the budget, including military spending...

Dismayed and frustrated by the apparently perverse rise of interest rates in recent weeks despite slower inflation and deep budget cuts by Congress, Budget Director David A. Stockman and other senior aides have concluded that the government — White House and Congress — must make an even greater show of willingness to tighten spending and hold down the budget deficit.

As politically risky as this may be for Mr. Reagan and Republican hopes of winning control of the House next year, the president's advisers have concluded that there is nothing else he can do.

The new emphasis on interest rates was reflected in remarks by two senior Republican congressional leaders who conferred with Mr. Reagan at the White House on Wednesday. Sen. Howard H. Baker Jr. of Tennessee, the Senate majority leader, said, "The time is now to address the high interest rates and get them down."

Chastising the financial community, Sen. Baker said, "It's time they pulled their ear."

"We can't live with a 20-percent prime rate and expect to see any economic recovery," said the House minority leader, Rep. Robert H. Michel of Illinois.

Administration economists indicated that their own prognoses are almost as grave. They said there was a good chance that the fourth-quarter economic upturn predicted by the administration in July might not occur and that the first quarter of 1982 might also be lackluster.

With private analysts revising their 1982 forecasts downward, Mr. Reagan was told, the administration's July prediction of real economic growth of 3.4 percent in

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President Reagan bidding farewell to Israeli Prime Minister Menachem Begin after their final round of talks on Thursday.

U.S., Israel to Initiate Joint Military Planning

WASHINGTON — The United States and Israel have decided to undertake joint military measures to guard the Middle East against the Soviet Union and other "external threats," Secretary of State Alexander M. Haig Jr. said Thursday.

Mr. Haig told reporters that the two governments were drafting a memorandum to formalize the new ties set by President Reagan and Israeli Prime Minister Menachem Begin in two days of talks at the White House.

"We are talking about joint planning, collaborative studies and efforts which focus on external threats to the region," Mr. Haig said.

Specifically, he said, the United States and Israel might conduct joint naval exercises and added that Mr. Begin would discuss with William J. Casey, director of the Central Intelligence Agency, the sharing of information gathered by U.S. spy satellites.

Additionally, Mr. Haig said, the United States might store medical supplies and other equipment in Israel for use by U.S. forces in an emergency. But Mr. Haig and Mr.

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Solidarity's Congress Backs Free Parliament Elections

GDANSK, Poland — The Solidarity trade union, condemning Communist misrule, called Thursday for free political elections and vowed to free Poles from "misery, exploitation, lies and fear."

Undeterred by counterattacks from the Soviet Union and its allies, Solidarity's first national congress issued fresh challenges to Poland's Communist rulers. As well as free elections to Parliament and local councils, it demanded control over food, worker self-management and public control of the mass media.

The program was adopted at the end of the first stage of the congress, which will be in recess until Sept. 26.

Solidarity leader Lech Walesa won two key votes in favor of a strong central authority in the union after threatening to resign if regionalists won. In a closing address, he said, "We have a chance to create the Poland of which our ancestors could only dream. If our program is bad, we will bear the blame... not the government."

The flow of resolutions from the congress prompted Tass to accuse it of indulging in an "anti-Soviet and anti-Soviet orgy."

The free election call was made with an eye on municipal voting due early next year. It will be the first since the emergence of Solidarity as a force in Polish politics.

The union said it wanted the law under which only Communist-approved candidates can run for elective office to be changed so that outsiders may stand. It plans to draft an electoral law of its own.

Despite its efforts to erode Communist power, Solidarity drew back from an outright challenge to Communist supremacy. Delegates declined to pass a resolution that said the Communist Party's role should be redefined to prevent its leading Poland "to a new national catastrophe."

The resolution had said that the "Polish nation faces the gigantic task of saving the country from the collapse caused by the way it has been governed to date."

The union pledged it would work to "liberate Poles from misery, exploitation, fear and lies to ensure democracy and the observance of law in Poland." It insisted the reforms it had in mind were in the best interests of both Poland and the Soviet bloc.

Solidarity's final seven-point declaration, which amounted to a blueprint for a radically altered society, called for:

- Control of food production, distribution and pricing in cooperation with Rural Solidarity.
Economic reform through

- Free elections to regional councils and the Sejm.
Justice and equality for all, freedom for political prisoners and an end to oppression.
Improved health care.

Increased coal production through improved working conditions for miners.
Another resolution demanded "free labor and political emigration." (Continued on Page 2, Col. 6)

Tass Reaction: An 'Anti-Soviet Orgy'

By Dusko Doder

Washington Post Service

MOSCOW — The Soviet Union on Thursday night condemned the congress of Poland's independent trade union Solidarity as an "anti-Soviet and anti-Soviet orgy" that has adopted the course of "open struggle" against Polish Communist authorities and against the Socialist system in all Soviet-bloc countries.

Tass, in a commentary evidently approved by the highest Kremlin authorities, warned of a "mounting wave of indignation" over actions taken by the Gdansk congress of Solidarity. It asserted that Poland and the Soviet Union "are linked by the bonds of fraternity, common interests, common Socialist aims" that cannot be broken.

Hoping for a Crackdown

Communist observers here said this was the sharpest attack on the union since the outbreak of the Polish crisis a year ago and that it may foreshadow a showdown in Poland.

According to these sources, the statement suggested an assessment

in Moscow that the crisis has reached the point where the Polish Communist government will either have to move decisively against the union or, by its inaction, invite outside intervention. There are almost palpable hopes here that the Polish authorities will crack down on Solidarity.

"The congress of Solidarity at Gdansk is, as its participants declared, a review of the forces which are getting ready for a struggle for power," Tass said.

Tass said that "the speeches and documents passed by the congress leave no doubt about the real aims of the sponsors and inspirers of the Gdansk assemblage. The congress has, as a matter of fact, grown into an open struggle against the Polish Communist Party and the Polish government. It has been declared that in the course of this struggle for power in the country, Solidarity intends to use all available means."

The agency then added a more ominous comment about the threat to Socialism in the entire bloc.

"The so-called appeal to the peoples of Eastern Europe, which contains a call for struggle against the Socialist system, is openly provocative and impudent toward the Socialist countries."

"The chiefs of Solidarity and all those to whom the framework and scale of the struggle against Socialism on Polish soil already seem narrow have launched that action of interference in the affairs of other peoples. The low-grade politicians striving to be of service to the imperialist subversive centers are out to influence Socialist structures of the countries neighboring on Poland."

Czechoslovakia Denounces Call

VIENNA (Reuters) — Czechoslovakia took the lead Thursday in denouncing Solidarity's call for free trade unionism throughout the Soviet bloc, describing it as an attempt to export counterrevolution.

The Czechoslovak Communist Party newspaper Rude Pravo said Solidarity's message of support to

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Aides Said to Encourage Reagan To Try Peking-Taipei Peace Bid

By Michael Parks

Los Angeles Times Service

PEKING — President Reagan is being urged by some of his advisers to visit both Peking and Taipei in an effort to get negotiations started between the Chinese Communists and Nationalists, according to informed sources here and in Taipei.

Under this proposal, Mr. Reagan would stop in Taipei en route to Peking on the trip he wants to make to China next year, the sources said, adding that the proposal is under active discussion but not yet in the planning stage.

"It would be the sort of spectacular that Reagan loves," a member of a congressional delegation that visited Peking recently said in seeking an assessment of the reaction to such a U.S. initiative and of the outlook for negotiations between the Chinese Communists and Nationalists.

Mr. Reagan, it is said, would attempt to persuade Taiwan's President Chiang Ching-kuo, who is the son of the late President Chiang Kai-shek, to enter direct talks with Peking with a minimum of preconditions. Then he would be expected to try to get Peking to make the further preliminary concessions necessary to get the negotiations started.

Sen. Mark O. Hatfield, Republican of Oregon, who brought a Senate delegation to Peking last month as a "precursor for the presidential" and was accompanied by a top White House aide, proposed that Mr. Reagan, as an old friend of Taiwan, act as a mediator in bringing the two Chinese parties together.

He compared his possible role to that played by former President Jimmy Carter in the Egyptian-Israeli peace negotiations.

Sen. Hatfield's proposal drew

qualified acceptance in Peking last week. The Chinese Foreign Ministry welcomed a U.S. initiative to get talks started but said a solution would ultimately be reached by the two Chinese parties themselves. In Taipei, the reaction has been wary, with officials emphasizing their objections to any talks with Peking right now.

"Obviously, considerable groundwork would have to be done carefully and quietly before Reagan could embark on such a mission," a Republican congressional staff member said on a visit to China, asking that be not be quoted by name.

Other sources said that only when there are "good indications of success" would the proposal be put formally to Mr. Reagan for approval. They added that the president's principal China advisers are already involved and are "intrigued" with the possibility.

U.S. mediation between the Chinese Communists and Nationalists is strongly opposed by some specialists in Chinese-American affairs. They see the United States plunging itself back into the Chinese civil war, which it tried and failed to mediate three decades ago.

Poses Problems

A Reagan mediation trip — even as an informal proposal — poses difficult problems in both Peking and Taipei.

The Chinese Nationalists know they would come under acute U.S. pressure in any U.S.-sponsored negotiations with the Communists. Yet failure to respond positively, particularly to an old friend like Mr. Reagan, would lose the Nationalists vital support in the United States. "We can't even say we would rather he not come," another Nationalist official commented.

Peking, on the other hand, regards the substance of any negotiations as something to discuss directly with the Nationalists without outside mediation. But it has to welcome any U.S. intervention as ultimately beneficial to its cause of reunification of Taiwan with the Chinese mainland, because it

(Continued on Page 2, Col. 7)

Bani-Sadr Issues Call for Iranians To Overthrow Regime in Tehran

From Agency Dispatches

PARIS — Former Iranian President Abolhasan Bani-Sadr called on Iranians on Thursday to overthrow the regime in Tehran amid continuing signs that dissidents had begun taking their battle to the streets of the capital.

In Tehran on Thursday, Revolutionary Guards and Mujahaddin guerrillas who oppose the regime of Ayatollah Ruhollah Khomeini battled in the central part of the city in the second straight day of clashes. At least 30 persons were reported killed in the two days of violence.

Witnesses reached by telephone from London and exile sources in Paris said Thursday's clashes occurred in the Tehran hazaar and on a road that connects south and north Tehran.

Nineteen Revolutionary Guards and nine Mujahaddin Khalq guerrillas were in the fighting on Thursday, exile sources said. Another 140 dissidents were arrested, the sources said.

No independent confirmation of the fatalities was available.

"Rise and Resist"

In a statement from his home in exile near Paris, Mr. Bani-Sadr said: "Workers, farmers, rise and resist. Overthrow this regime, which has proved more bloodthirsty than the monarchy. These despotic rulers are in an impasse and on the verge of collapse."

The former president said his statement was to mark the second anniversary of the death of Ayatollah Mahmoud Taleghani, a popular clergyman who was considered by the Mujahaddin as their spiritual leader. He died of natural causes.

Mr. Bani-Sadr, who fled to Paris in July with the Mujahaddin leader, Massoud Rajavi, told Iranians: "Go into action now and form local councils out of the sight of the executioners."

In violence on Wednesday, Revolutionary Guards and anti-government guerrillas shouting "Death to Khomeini!" clashed in a central Tehran street in a battle

that left at least two guards dead, witnesses said Thursday.

The latest incidents suggested that opponents of the Islamic fun-

- An Iranian has been charged in Los Angeles with trying to hire a man to kill the sister of the late shah. Page 3.

damentalist regime of Ayatollah Khomeini may be switching their tactics from hit-and-run attacks to open confrontation.

The guerrilla attacks appear to have been spearheaded by the Mujahaddin, Muslims who believe in some principles of Marxism and oppose a dominant role for the clergy in politics.

Report on Kurdish Insurgents

BEIRUT (AP) — Iran said Thursday that its armed forces had

driven Kurdish insurgents out of six villages in a continuing mop-up operation against Kurdish rebels who are seeking autonomy in western and northwestern Iran.

"Tens of insurgents" were killed, the official Pars news agency said. A cluster of six villages on the Bijar-Dehghan road to Sanandaj, capital of the Kurdistan province, were "cleared from counterrevolutionary forces," the agency added.

Pars also said the heights of Aqbulag in the northwestern province of Azerbaijan also were recaptured from guerrillas of the outlawed Kurdish Democratic Party, who have been fighting with the central government in Tehran since the shah was overthrown in 1979.

Recent reports have indicated that a major campaign against the Kurdish Democratic Party is under way in yet another attempt to smother the resurgent Kurdish rebellion.

3 Dutch Parties Reach Agreement On Forming Center-Left Coalition

The Associated Press

THE HAGUE — Leaders of three Dutch political parties reached final agreement Thursday on a center-left coalition Cabinet after three and a half months of negotiations, a government spokesman said.

Premier Andries van Agt, a Christian Democrat, will return as head of the new coalition with the leftist Labor Party and the Democrats '66. The Christian Democrats and Labor each will hold six Cabinet posts, and the smaller Democrats '66 will have three. The coalition has the support of 109 of the 150 members of the lower house of parliament.

Queen Beatrix was scheduled to swear in the government Friday morning, ending four years of center-right rule in the Netherlands.

Mr. van Agt's previous coalition with the right-leaning Liberal Party lost its slim majority in May 26 elections.

The queen's negotiators, who helped forge the coalition, have conceded that the strained partnership could break apart over the issue of standing North Atlantic Treaty Organization nuclear missiles on Dutch soil. The agreement says only that the new Cabinet will make a decision on the missiles during its four-year term, making further postponement likely. A decision had been promised for December.

The party leaders wrapped up the accord in a two-hour meeting at Mr. van Agt's residence Thursday and set out the declaration that the government will make to parliament when it reconvenes



Workmen carried the crate containing Picasso's celebrated Spanish Civil War work, "Guernica," into an annex of Madrid's Prado museum Thursday after it arrived from New York.

Picasso's 'Guernica' Welcomed in Madrid

U.S. Departure Was Secretive

By James M. Markham

New York Times Service

MADRID — At 10:05 a.m., the movers in blue overalls deposited the huge wooden crate — stamped with the admonition "Use No Hooks" in English — in the stone pavilion a block away from the Prado museum. Civil Guards with submachine guns looked on. A helicopter clattered overhead.

The 44-year-old odyssey of Pablo Picasso's "Guernica" was over, and, more or less as he had wanted, his masterpiece finally rested in his homeland's greatest museum — or an annex of it — and in a Spain where democratic freedoms have been restored.

The work's secretive departure Wednesday night from New York and its unobscured arrival here Thursday morning aboard a regular Iberia Airlines flight prevented Culture Minister Inigo Cavero and other officials who accompanied the

erated painting from making a big political splash.

Even so, newspapers and politicians hailed what is regularly and erroneously called "the return" of "Guernica" to Spain — where it has never been before — as a symbol of the robustness of the country's young democratic institutions.

A Major Moment

"Welcome!" bannered the afternoon tabloid Diario 16, which in a front-page editorial proclaimed the painting "one of the major moments of the history of our people."

Inspired and outraged by the bombing of the Basque town of Guernica during the Spanish Civil War, Picasso painted it in a burst of activity in Paris in 1937, under commission from the Republican government in Madrid. But after Franco's victory in the war, the artist insisted that the painting should go to Spain — and then to the Prado — only



Pablo Picasso

when the country again enjoyed "public liberties."

At a news conference, Mr. Cavero, who is known more for his enthusiasm for soccer than for art, said he had spent a sleepless night aboard the Iberia flight from New York, talking to journalists and others. "But the 'Guernica' is worth a night of insomnia — indeed, it is worth many such nights," offered the minister, who recalled repeated

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TOMORROW

A Rap With Christo

Along with plans to enclose Central Park behind a series of 15-foot-high gates and to surround 10 of the islands off Miami in pink fabric, Christo — the New York-based, nomadic Bulgarian artist — has his heart set on wrapping the Pont Neuf in Paris. His views are detailed in Weekend in Saturday's International Herald Tribune.

INSIDE

U.S. A-Protest

Federal officials clear the way for fuel loading and low-power testing at California's huge Diablo Canyon nuclear power plant, which has been the focus of a national anti-nuclear protest that is now expected to reach a dramatic climax. Page 3.

U.S. Air Safety

Facing members of Congress for the first time since the air traffic controllers' strike began five weeks ago, Secretary of Transportation Drew L. Lewis assures them that the nation's skies are safe. Page 3.



Standing in front of Picasso's "Guernica" work at New York's Museum of Modern Art before it was packed for shipment to Spain this week were, from left, Richard Olden, director of the museum; Spanish Ambassador José Llado; Inigo Cavero, the Spanish culture minister; and Javier Tussell, the director-general of the Spanish government's National Artistic Patrimony.

Picasso's 'Guernica' Welcomed in Madrid

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ly that the painting has been valued at \$40 million or more. Mr. Cavero blamed New York's Museum of Modern Art, where the canvas has been on deposit since 1939, for insisting on the future departure. "Probably, if people in New York knew the advance date of departure, it would have produced a certain sense of displeasure," said the culture minister, adding that he detected "tears in the eyes" of one of the museum's directors when he bid the work adieu Wednesday.

Regional Protests

There have been protests from Malaga, where Picasso was born, and from Guernica and other Basque cities over the siting of the painting in Madrid. "We gave our

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blood, and they enjoy the painting," José Antonio Aspuru, a Basque politician, commented bitterly, referring to the sacrifices of his people at Guernica in 1937.

To appease such regional anger — Barcelona, with its fine Picasso Museum, has in the past also claimed the painting — Mr. Cavero said it was possible that the "Guernica" might eventually travel around Spain. Curators at the Museum of Modern Art are known to have insisted that Thursday's trip be the last by the family cracked and much-traveled canvas, although Mr. Cavero denied promising them that it would never be moved again.

Mr. Cavero said the painting and its accompanying preparatory drawings and so-called "postscripts" would be unveiled to the public at the centenary of Picasso's birth — Oct. 25 — in the Casón del Buen Retiro, as the famed Prado annex is called. The "Guernica" will be protected by a clear, three-sided bulletproof shield, and visitors, watched by closed-circuit television, will have to pass through metal detectors.

In November, the painting will be the centerpiece of a major Picasso retrospective that will open in Madrid, giving Spaniards a chance to learn more about an artist who has been something of a prophet without honor in his homeland.

"The magnitude of Picasso's love for Spain is only comparable to the ignorance in Spain about Picasso," said Rafael Fernandez Quintanilla, a 60-year-old diplomat who conducted most of the negotiations that finally brought the painting to Madrid.

Differing somewhat from an account offered by officials of the Museum of Modern Art, Mr. Fernandez Quintanilla and other informants close to the negotiations said that the breakthrough occurred in April, when a Spanish government delegation threatened to take the New York museum to court if it did not deliver the painting.

Until then, according to these same sources, the Museum of Modern Art had been worried by veiled threats by some of Picasso's heirs to resort to legal action, under what French law terms "moral rights," to block the "Guernica's" transfer.

Opposition to the transfer was led by Maya Picasso, daughter of the late painter by Marie-Thérèse Walter, who argued that Spain had not become fully democratic. She was occasionally supported by Claude Picasso, a son of the artist by Francoise Gilot.

Indian State Official Submits Resignation

BOMBAY — One of India's most powerful state officials, Chief Minister A.R. Antulay of Maharashtra state, has submitted his resignation to Prime Minister Indira Gandhi after being accused of extorting millions of dollars to set up tax-exempt trusts.

Mr. Antulay, the top elected official of the large western state and a close associate of Mrs. Gandhi, said the prime minister had not decided whether to accept his resignation.

Reagan Decides on Range of Cuts In Arms Budget, Press Aide Says

By Lee Lescaze

Washington Post Service

WASHINGTON — President Reagan has decided on a range for the reductions in projected military spending he will have to make to achieve his goal of a balanced budget in 1984, but he will not announce his final decision until early next week, according to his press spokesman.

The White House deputy press secretary, Larry M. Speakes, speaking of the president's decision Wednesday, said that Mr. Reagan ended a two-and-a-half-hour meeting by indicating the range of military budget reductions he favors. Mr. Speakes said that David A. Stockman, the director of the Office of Management and Budget, already has a good-enough idea of the president's thinking on military spending to begin telling other departments and agencies what they must slash to keep the Reagan budget on target.

Senior administration officials have said that President Reagan is willing to cut the 1983 and 1984 military budgets by up to \$30 billion. Mr. Speakes reiterated Wednesday that such cuts would not prevent the president from keeping two promises: a balanced budget in 1984 and a 7-percent rate of growth in military spending each year after allowing for inflation.

"There's no retreat from our determination to build up our military forces," Mr. Speakes quoted the president as saying.

O'Connor Replies On Abortion Issue In Senate Hearing

Washington Post Service

WASHINGTON — Supreme Court nominee Sandra Day O'Connor, facing her first day of questioning at a confirmation hearing, said she made a mistake 11 years ago when she voted in the Arizona legislature to decriminalize abortion.

Mrs. O'Connor said she has an "abhorrence of abortion" but added, "My personal views and beliefs have no place in the resolution of any issue."

She assured the Republican-dominated Senate Judiciary Committee, however, that she believes in a limited role for the judiciary in American life. "I do not believe it is the function of the judiciary to step in and change the law because the times have changed," she said. "I do understand the difference between legislating and judging."

The president also repeated his pledge to keep the fiscal 1982 budget deficit to \$42.5 billion. In a brief question-and-answer session with reporters at the start of his meeting on the budget, Mr. Reagan acknowledged that some economists say the deficit will be much larger.

He said pressure from high interest rates and the fact that he did not get everything he wanted from Congress make the task harder, but he added: "Our own [estimates] show that it is manageable and that we can do it. And that we're going to do it."

Defense Secretary Caspar W. Weinberger made clear his preference that there be no reduction in the Reagan proposal last March

for military spending of \$253 billion in fiscal 1983 and \$288 billion in fiscal 1984.

Mr. Stockman followed, making the case for the levels of cuts he believes necessary to keep the Reagan budget process on track.

For more than two weeks the administration has been drawing public attention to its new effort to reduce federal spending.

In part, the drawn-out operation is a public relations exercise designed to convince the financial markets that Mr. Reagan is serious about achieving the first balanced U.S. budget since 1969.

If the budget were balanced, the government would not be a heavy borrower and interest rates would come down.

Reagan Is Warned of Threat From High Interest Rates

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1982 "is at the high end of the range."

A new forecast has not been prepared formally, but informal calculations show the 1982 gain might slip to 2 percent, officials said. That would imply higher unemployment, they said, but no new unemployment estimates were given to Mr. Reagan.

The July 15 forecast, part of the midyear budget review, was that the unemployment rate would climb to 7.7 percent by the fourth quarter of this year — it was 7.2 percent last month — and fall to 7 percent by late next year.

Officials said the July forecast also looked high now because it assumed a 10-percent income tax cut would take effect July 1, a position the administration abandoned early in June when it switched to the 5-percent cut on Oct. 1 that Congress enacted.

Administration economists are guardedly hopeful that they will get some help from the Federal Reserve soon in the shape of slightly faster growth of the money supply, which by some measures has fallen below the central bank's target path.

But the officials fear that the money markets may construe such a change as indicating that the Federal Reserve has lost its courage and is being led away from continuing slow growth of money to combat inflation. Such an interpretation — misinterpretation, officials say — could drive interest rates up.

Mr. Reagan was told that autumn is the customary season for corporations to draw up capital spending budgets for the following year. Consequently, the aides said,

the persistence of high interest rates for a few more weeks could hold back the surge in business investment in 1982 that was expected to result from the more generous investment write-offs authorized in the 1981 tax bill.

Union Asks Free Vote

(Continued from Page 1)

tion" for all Poles. It said Poles should be free to choose their country of work and residence in line with international human rights accords.

The Solidarity views were not endorsed by either Moscow or other East European Communist countries, which stepped up their denunciations of the congress.

While the Polish Communist leader, Stanislaw Kanis, met the Soviet ambassador, Boris Arisov, Moscow television news Thursday juxtaposed an attack on Solidarity with film of the current Warsaw Pact military maneuvers around Poland's borders.

Trybuna Ludu published a statement chastising Solidarity for its message to workers in the Soviet bloc and Albania, which it called open interference in the internal affairs of other countries.

The Solidarity message was published in the Polish media alongside the official denunciation.

Mr. Walesa, who favors strong central control over the 10 million members, said he wanted to be given "a little dictatorship" for two years. He told delegates: "We must have a strong leadership in time of struggle when the other side is still too strong, has got police and army and is by no means a loser."

Meanwhile, workers in Silesia at Poland's biggest steel mill voted in a referendum to dismiss their director for closing down a Solidarity bulletin, but union officials said they would not act immediately on the result.

In another development, an angry crowd of several hundred set fire to cars and property in the western city of Konin on Thursday as violence flared there for the second day, the PAP news agency reported.

Creditors Meet Poles

PARIS (Reuters) — Talks between Polish officials and representatives of Poland's five leading Western creditor governments will continue until Friday, diplomatic sources said Thursday.

The meeting — which began Wednesday and has brought the Poles together with officials from the United States, Austria, France, West Germany and Britain, as well as an observer from the International Monetary Fund — is to review the state of the Polish economy and assess Warsaw's latest forecasts.

Tass Attacks Gdansk Acts

(Continued from Page 1)

independent-minded Communist bloc workers was a provocation of the working class in other Socialist countries.

Czechoslovakia, which was ahead of the Kremlin last week in accusing Solidarity of trying to seize power in Poland, also charged that the union threatened the Soviet-bloc alliance.

The East German Communist Party daily Neues Deutschland said Solidarity's resolutions were seen by both Polish and foreign observers as a new declaration of war.

Bulgarian newspapers, which gave highly critical reports of the opening of the congress, did not appear Thursday as the country — one of Moscow's closest allies — celebrated a national holiday.

Romania, where a 23-member "free trade union" was swiftly crushed by arrests in 1979, continued to ignore the Solidarity congress totally in its media.

WORLD NEWS BRIEFS

Envoy Says Reagan Wants More F-16s Produced

United Press International

KARACHI, Pakistan — U.S. Undersecretary of State James L. Buckley said Thursday that the Reagan administration wants to increase production of F-16 jet fighters, but he avoided mention of a delivery date of the aircraft promised to Pakistan.

Pakistan has pressed for quick delivery of the advanced aircraft, promised in June as part of a \$3-billion military and economic aid package. After three days of talks here on the package, Mr. Buckley said the Reagan administration had promised a bigger military budget and wants to increase production of the F-16 aircraft, but it will "take some time."

He said "preparedness is the key word of the Reagan administration" on military matters. Any reductions in the budget, he said, "are not going to be made at the expense of the strength the United States must have to meet its global responsibilities."

Nicaragua Sets Emergency Economic Rules

United Press International

MANAGUA — Nicaragua's government has declared a yearlong economic state of emergency, slapping a ban on strikes and court injunctions that block government decrees.

The order, read on nationwide radio and television Wednesday by Junta Coordinator Daniel Ortega, also outlaws distribution of false news stories that trigger changes in prices, salaries, rents or currency exchange rates.

Also banned are mass land takeovers and incitement of foreign governments or credit institutions to withhold or suspend economic aid to Nicaragua. In addition, the government is imposing a hiring freeze, trimming the current budget by 5 percent, and slashing private sector subsidies by 10 percent in a move that should save the Nicaragua treasury \$43.8 million this year, Mr. Ortega said.

Waldheim to Seek 3d Term as Secretary-General

Reuters

UNITED NATIONS, N.Y. — Kurt Waldheim announced his candidacy on Thursday for an unprecedented third five-year term as secretary-general of the United Nations.

"If the Security Council and the General Assembly were to wish me to serve for another term, I would consider it a duty and an honor to accept that responsibility," Mr. Waldheim said in a prepared statement.

Mr. Waldheim, whose current term expires at the end of the year, cited his "great anxiety" for the current international situation as his reason for seeking the post again. He declined to comment on the only other announced candidate, Foreign Minister Salim A. Salim of Tanzania, who was proposed by a meeting of the Organization of African Unity in June.

Concorde Cuts Not on Anglo-French Agenda

Reuters

PARIS — The French government is considering cutting Air France's Concorde services, but President Francois Mitterrand did not plan to raise the subject in talks with British Prime Minister Margaret Thatcher that began in London on Thursday, French officials said.

French Transport Ministry and industry officials said that the question of the "commercial exploitation" of the Anglo-French supersonic airliner had come under study because of continuing heavy operating losses and the burden on taxpayers.

The bilateral treaty of November, 1962, that started the Concorde program says that neither side can halt its Concorde services without consulting to support the operations of the other party. The total cost of developing and producing 16 Concorde aircraft, shared between Britain and France, stood in June, 1980, at \$1.3 billion.

Japanese Leader Inspects Soviet-Held Islands

United Press International

TOKYO — Premier Zenko Suzuki made an aerial inspection of the four Soviet-held Kuril Islands Thursday and vowed to get Japan's neighbor to return the "northern territories."

The Soviet Union consistently has said the problem was "non-existent" and has refused to discuss the matter. The Soviet occupation of the four islands during the closing days of World War II has prevented the two nations from concluding a peace treaty officially ending the conflict.

"I was deeply moved when I observed by air and from land the northern territories, which have not been returned to Japan 36 years after the war's end," the premier said in Hokkaido before returning to Tokyo. "I will do my best to win the return of the territories to Japanese control as early as possible."

Egypt Expels ABC Television Correspondent

Washington Post Service

CAIRO — The Egyptian government Thursday expelled the correspondent of the American television network ABC, Chris J. Harper, and gave him 24 hours to leave the country.

Mr. Harper's expulsion came after a fierce denunciation Wednesday by President Anwar Sadat of the Western press, particularly the American press, for its reporting on his recent crackdown against opponents of his government. Mr. Sadat maintained that the foreign press had presented what he said was a "distorted" image of Egypt and himself, including suggestions that his government is unstable and headed for a fate similar to that of the Iranian monarchy.

Egyptians voted Thursday in a referendum on Mr. Sadat's purge of what he considers to be Muslim and Christian religious fanatics and political opponents. Overwhelming approval was expected.

The expulsion order came shortly after the State Information Services showed to the foreign press corps a videotape of an interview Mr. Harper had done with David Hurst, a British correspondent based in Beirut who is known for his strong anti-Sadat views. Mr. Harper had no comment on the expulsion order except to say that he understood that it would not have an effect on ABC operations, "only me."

Reagan Aides Said to Urge Peking-Taipei Peace Effort

(Continued from Page 1)

would mean the Nationalists would no longer have total U.S. protection and, on the contrary, would be subject to U.S. pressure.

U.S. diplomats, who have largely been bypassed in the preliminary probing of the reaction here and on Taiwan, tend to see such an effort as doomed because of the adamant Nationalist stance and the substantial concessions that would be needed from Peking just to get the talks started. They also have warned that a failure could set back Chinese-American relations.

Peking over the last three years has made repeated overtures to the Nationalists, promising Taiwan full autonomy if it recognizes the legitimacy of the Communist government, but these have all been rejected by the Nationalists as insincere.

Minister of Trade Is Replaced in Chinese Shuffle

Reuters

PEKING — China announced a Cabinet shuffle Thursday night highlighted by the resignation of long-serving Foreign Trade Minister Li Qiang, who at the age of 76 is being replaced by one of his deputies.

At the same time it was announced that the Chinese parliament, the National People's Congress, will hold its next session in November and will discuss a report on the economy by Premier Zhao Ziyang.

Mr. Li, who has held the foreign trade post for eight years, is replaced by Zheng Tuofin, who has led trade delegations to Australia, New Zealand and Sweden. Mr. Li's resignation had been expected, partly because of his age.

In other changes, Song Jiwen was named minister of light industry in place of Liang Lingguang, whose resignation was announced in March. Liu Hanzhang was made minister of railroads in place of Guo Weichang.

Mo Wentiang, a former deputy minister in the Third Ministry of Machine Building, which deals with aviation, was appointed minister in place of Li Dong and Sports Minister Wang Meng was replaced by his deputy, Li Menghua.



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Mackinlay's LEGACY SCOTCH WHISKY 12. The advertisement features a large, detailed image of a bottle of Mackinlay's Legacy Scotch Whisky. The bottle is dark with a prominent label that reads 'Mackinlay's LEGACY SCOTCH WHISKY 12'. The background is dark, making the bottle stand out. Below the bottle, there is a small graphic of a glass and some text that is partially obscured.

Limits on Saudi Use Of AWACS Considered Normal in Arms Sales

By Charles Mohr
New York Times Service
WASHINGTON — Some of the limitations on the use of five Airborne Warning and Control System aircraft that the Reagan administration wishes to sell to Saudi Arabia are what a senior U.S. official calls "standard strictures" common to all sales of military equipment to foreign governments, rather than special concessions by the Saudi government.

Such standard restrictions include what are called "third-country exclusions," which prevent a buyer of U.S. military equipment from transferring the equipment to another country without permission from the United States. Another standard agreement is to maintain the security of secret and sensitive equipment.

Safeguards against use of the planes, known as AWACS, against Israel in a future Arab-Israeli conflict are expected to figure prominently in congressional debate over the proposed \$8.5-billion sale of air combat equipment.

The standard Department of Defense "offer and acceptance" form (No. 1513) used in the Saudi sale says the weapons may be used only for internal security, individual self-defense and for civic action. Civic action is defined as construction, economic development or social development work done by the military for the people of the country.

Disagreements about the meaning of this language can arise, as was demonstrated by the controversy after Israel's air raid on an Iraqi nuclear reactor on June 7.

The contract form, used in more than \$13 billion of military sales

last year, also says the buyer "shall not transfer title to, or possession of, the defense articles, components and associated support material, related training or any other defense services (including any plans, specifications or information) to other parties."

The 1513 form also specifies that if the material being sold is classified as secret, the buyer "shall maintain a similar classification and employ all measures necessary to preserve such security, equipment to those employed by the United States Government."

In large and complex sales such as the proposed radar-planes deal, the practice is to supplement the three-page 1513 form with more detailed "notes" agreed to by the United States and the buyer. Officials said the notes in this sale are voluminous, but essentially constitute "extra words to the standard agreement."

In mid-August, high-ranking Saudi officials said their government had not agreed to operational restrictions on use of the radar planes and could not be expected to do so because of considerations of sovereignty and dignity.

However, on Aug. 24, in formally announcing the sale, a U.S. official said "there will be some operational restriction spelled out" and that "there will be some agreement about the area in which the aircraft is authorized to operate."

James L. Buckley, the undersecretary of state for security assistance, later said there would be "limitations on operations," but added that these would be revealed to Congress only "on a confidential basis."



Computers jam the Brooklyn Bridge walkway after a power failure stalled the subways and snarled traffic in New York.

Computers Reel to a Halt During Manhattan Blackout

New York Times Service
NEW YORK — A blackout in lower Manhattan struck one of the largest concentrations of computer and communications equipment in the United States, shutting down the New York and American stock exchanges and upsetting the operations of several major banks and brokerage houses.

Officials at several concerns, however, said they had backup power systems or other devices that allowed them either to continue operating or to prevent permanent damage to expensive and sensitive equipment.

The blackout was caused by an explosion Wednesday afternoon in a Consolidated Edison Co. generator. Oil spurted by the blast caught fire and went on to halt power for five of Manhattan's 30 electric distribution networks. There has been no explanation for the cause of the blast.

The four-hour power outage was confined to three sections of Lower Manhattan: the area around Wall Street, the Lower West Side and Herald Square.

The failure blacked out major buildings, trapped people in elevators, stopped and delayed subways and snarled travel on streets where traffic lights went dark. Many of the 3.5 million people normally using subways to get home from work were forced to find alternative ways to travel, and thousands hiked home from Manhattan across the Brooklyn Bridge.

and check-clearing operations that routinely continue into the night were affected.

The Federal Reserve handles electronically more than \$190 billion in securities and cash transferred between banks daily. It was not clear how many of its member banks had been affected.

The shutdown of computers at the headquarters for the Securities Industry Automation Corp., a computer processing center operated by the New York and American stock exchanges, forced stock trading to be halted a half-hour early.

Computers are difficult to maintain in a blackout because they draw heavy amounts of electricity to operate and require a steady stream of air-conditioning to keep them from becoming overheated. But many companies have backup power systems to prevent damage. Some work long enough to allow a computer system to shut off gradually; others can keep computers running even in a total blackout.

A spokesman for International Business Machines Corp. said that even those installations not protected by full backup power systems should not suffer major losses of data because of the blackout.

U.S. A-Plant Cleared for Tests; Protests Set

By Jay Mathews
Washington Post Service
LOS ANGELES — Federal officials have cleared the way for fuel loading and low-power testing at the huge Diablo Canyon nuclear power plant, which has been the focus of a national anti-nuclear protest.

A spokesman for the Abalone Alliance, a coalition of anti-nuclear groups that have been training demonstrators in civil disobedience for two years, immediately called on members to descend on the city of San Luis Obispo as soon as possible and blockade the plant. Some Abalone officials said Wednesday they expected the blockade to begin in three days.

Construction on the plant, which is to provide 20 percent of Northern California's total electric energy supplies, began in 1968. The plant was ready for operation two years ago, but the opening has been delayed by anti-nuclear groups who see it as a symbol of their cause and by new federal rules passed after the Three Mile Island nuclear accident in March, 1979.

A decision Wednesday by the Nuclear Regulatory Commission's Atomic Safety Licensing Board to approve the plant's security plan set in motion a flurry of activity in San Luis Obispo, a community of 34,000 near the Pacific about 165 miles (265 kilometers) northwest of Los Angeles.

Sail Along Coast
Pam Metcalfe, an Abalone Alliance spokesman, said the group plans to blockade four access roads to the plant, surround the perimeter fence and attempt to sail to the plant site along the coast. The blockade effort is one of the most ambitious ever attempted by anti-nuclear groups, who hope to create enough of a disturbance

through peaceful protest to persuade Pacific Gas and Electric Co. and other utilities constructing nuclear plants throughout the country that the plants are not worth the trouble that ensues in plant mishaps and demonstrations.

Cost Escalation
The Abalone Alliance, which took its name after a construction mishap in 1974 killed the abalone, a marine mollusk, in Diablo Cove near the plant, argues that the plant is unsafe and that radioactivity could escape into the area

through a technical breakdown or an earthquake in one of the nearby faults.

The nuclear industry already is troubled by escalating costs that have kept utilities from ordering any new plants and led to delays and one cancellations at plants under construction.

A Pacific Gas and Electric spokesman said the Diablo Canyon plant, which has two 1,084-megawatt reactors, is to cost \$2.3 billion and provide enough power for three cities the size of San Francisco. He said the plant, which could provide 20 percent of the company's generating capacity, is needed because demand for power is now running at up to 94 percent of capacity and will increase.

The full regulatory commission is to meet within 10 days to decide if the utility must delay nuclear loading further while opponents have a chance to appeal. But NRC sources have said they expect a go-ahead, and the Abalone Alliance decided some time ago to call its blockade as soon as the security plan was approved.

U.S. Skies Safe, Officials Assure Congress, Despite 5-Week Strike by Air Controllers

By Marlene Cimons
Los Angeles Times Service
WASHINGTON — Facing members of Congress for the first time since the air traffic controllers' strike began five weeks ago, Secretary of Transportation Drew L. Lewis and Federal Aviation Administrator J. Lynn Helms assured them that U.S. skies are safe.

"Despite the claims of others that the system is unsafe, all the evidence we have gathered indicates convincingly that the system is every bit as safe as it was before the strike," Mr. Helms told members of the House Government Operations subcommittee on transportation.

To maintain that degree of safety, Mr. Helms said, the government plans to hold the number of flights at the current 75 percent of capacity through April, 1982, and hopes by November to shorten the workweek of the 8,300 controlling controllers, supervisors and military personnel.

people a Thanksgiving holiday and some vacation time," he said. "Our biggest concern is that our people are on an emotional high," he said. "By around November, they will begin to feel the effects of fatigue. It's important to build in a pad ahead of time to counter those effects."

Fewer Collision Reports
Mr. Helms said there had been fewer reports to the FAA of near-collisions and operational errors during the strike period than there had been during the same period last year.

The FAA has been able to verify only one safety-related incident since the walkout began on Aug. 3, Mr. Helms said. "And that was pilot error," Mr. Helms added.

safety-related incidents since Aug. 3 differed little from those before the strike. But there has been a noticeable decrease in their volume, particularly in those originating with controllers, he said.

Mr. Reynard explained that the NASA reporting system was established by the FAA in 1976 to function as an "honest broker" for the processing of voluntarily and confidentially submitted airline safety data.

"Have these strike-period reports contained information which could be characterized as extraordinary or alarming? Frankly, no," he said.

Iranian Accused of Seeking Murderer for Shah's Sister

By John Kendall
Los Angeles Times Service
LOS ANGELES — An Iranian businessman has been accused of attempting to hire an assassin for a quarter of a million dollars to kill the twin sister of the late Shah of Iran.

The Los Angeles County district attorney's office Wednesday filed two counts of solicitation to commit murder against Mohammad Ali Alikhani, 45, of Westlake Village, Calif., an Iranian national.

Mr. Alikhani, owner of a stereo and television store, faces arraignment on charges of seeking the "for-hire" murderer of Ashraf Pahlavi, 61, a resident of New York who also maintains a home in France.

Arrested and Jailed
A source close to the investigation said that the suggested motive for the proposed murder was "strictly political."

man, it "looked like he was preparing to leave the country." He was held in jail after failing to post bond of \$500,000.

Mr. Alikhani is accused in one count of asking a salesman on June 22 to supply a handgun with a silencer and help find "someone to kill the victim" for \$250,000.

After promising to help Mr. Alikhani, investigators said, the salesman contacted both the FBI and the county sheriff's office. The next day, an undercover deputy sheriff contacted Mr. Alikhani by posing as a potential killer for hire and was asked to murder Ashraf Pahlavi, authorities said.

In June, 1980, two intruders disguised as deliverymen were driven away from her New York apartment by a security guard. One of the intruders was wounded as they escaped in a van.

Jordan to Quit Presidency Of National Urban League

By Sheila Rule
New York Times Service
NEW YORK — Vernon E. Jordan Jr., citing "the belief that it is time for a change, personally and institutionally," has said he will resign as president of the National Urban League to become a partner in a Washington law firm.

He announced his resignation, effective Dec. 31, at the organization's headquarters in Manhattan on Wednesday. "For the next 21 years, all of my professional life, the civil rights movement has been my vineyard," he said.

Reading solemnly from a statement, he continued: "I believe, therefore, that it is time to turn to new fields and new endeavors. On Jan. 1, 1982, I will become a partner in the law firm of Akin, Gump, Straus, Hauer & Feld in Washington, D.C. I look forward to this new challenge with a sense of self-renewal and excitement."

Mr. Jordan said his health and the fact that he had been shot last year in Fort Wayne, Ind., were not factors in his decision to resign. "I feel absolutely fantastic," he said.

Mr. Jordan, who was appointed president of the league in 1971, said that he had always perceived his position as a "10-year job" and that every institution periodically needed a "life-giving stimulus of new blood" and "changes in leadership."

Several directors of the league's board had called for the shooting on May 29, 1980, that there was debate in the league because Mr. Jordan was with a white woman, Martha C. Coleman, a 36-year-old member of the board of directors of the Fort Wayne Urban League, when he was shot.

Mr. Ekhard insisted that the board had never expressed displeasure with Mr. Jordan and that it had been "surprised" to learn that he would be resigning. Mr. Jordan said that there was no dearth of black leaders in the country and that he would continue working for equality for minority groups.

2 Newspaper Concerns In U.S. Plan to Merge
The Associated Press
MINNEAPOLIS — Directors of the Minneapolis Star and Tribune Co. and the Des Moines Register and Tribune Co. have agreed in principle to merge the two companies, officials have announced.

Terms of the merger have not been set, according to the announcement Wednesday by David Kruidenier, chairman of the Des Moines, Iowa, company, and John Cowley Jr., president of the Minneapolis concern. Both are privately held corporations controlled by members of the Cowley family. Each owns several newspapers and broadcasting stations.

Press Panel Chief Named
The Associated Press
OMAHA, Neb. — Dana R. Bulei 2d, a former reporter and editor for The Washington Star, has been named executive director of the World Press Freedom Committee. He is to succeed George Beebe, associate publisher of The Miami Herald.

U.S. High Court Upholds Ban on Primary in N.Y.C.

New York Times Service
NEW YORK — The U.S. Supreme Court refused, 7-0, to overturn a lower court ruling that barred primary voting in New York City on Thursday for all offices in three boroughs, including mayor and comptroller.

The decision was issued after lawyers for the city and those for black and Hispanic groups presented arguments before Justice Thurgood Marshall. He conferred with his colleagues and they then issued their brief ruling.

There was no primary voting Thursday for city offices. The only balloting was in a few local races in Queens and Staten Island. The primary was thrown into disarray Tuesday when a U.S. court ruling on a suit brought by black and Hispanic groups under the 1965 Voting Rights Act, prohibited voting Thursday in Brooklyn, Manhattan and the Bronx.

The suit had charged that newly drawn lines for City Council districts discriminated against black and Hispanic people by, among other things, ginning their voting strength in that legislative body.

The 1965 Voting Rights Act, invoked in the case, was intended originally to counter anti-black discrimination in the South.

Under the law, the new City Council lines, drawn to comply with population shifts, should have received clearance from the Justice Department. The court found the redistricting lacked this necessary clearance. But it did not address the broader question of whether the new council lines were discriminatory.

Danger of Alcohol During Pregnancy Might Be Exaggerated, Scientist Says

The Associated Press
WASHINGTON — A Boston University scientist has challenged the surgeon general's blanket warning against drinking alcohol during pregnancy and argued that the dangers of light drinking have not been proved and should not be overstated.

In a presentation prepared for delivery Thursday, Dr. Henry L. Rosett cautioned that emphasis should be placed on treating pregnant problem drinkers because the risks to their children are known.

A woman who drinks heavily is likely to bear a child with a set of birth defects collectively known as fetal alcohol syndrome. It is often associated with mental retardation and characterized by central nervous system disorders, growth deficiencies and facial, skeletal and heart and other abnormalities.

In July the surgeon general issued a warning that pregnant women should give up alcohol entirely.

Dr. Rosett maintained that because there is so clear evidence that alcohol in small quantities is harmful, the warning may be inappropriate.

Professor in Yugoslavia Gets 11-Year Jail Term

United Press International
BELGRADE — A Yugoslav biologist has sentenced a former economics professor, Marko Veselica, to 11 years in prison for anti-government propaganda, nationalist hatred and contacts with terrorist groups, the national news agency Tanjug said.

The district court in Zagreb on Wednesday also banned Mr. Veselica, 45, from publicly delivering speeches or writing for four years after his release from prison.

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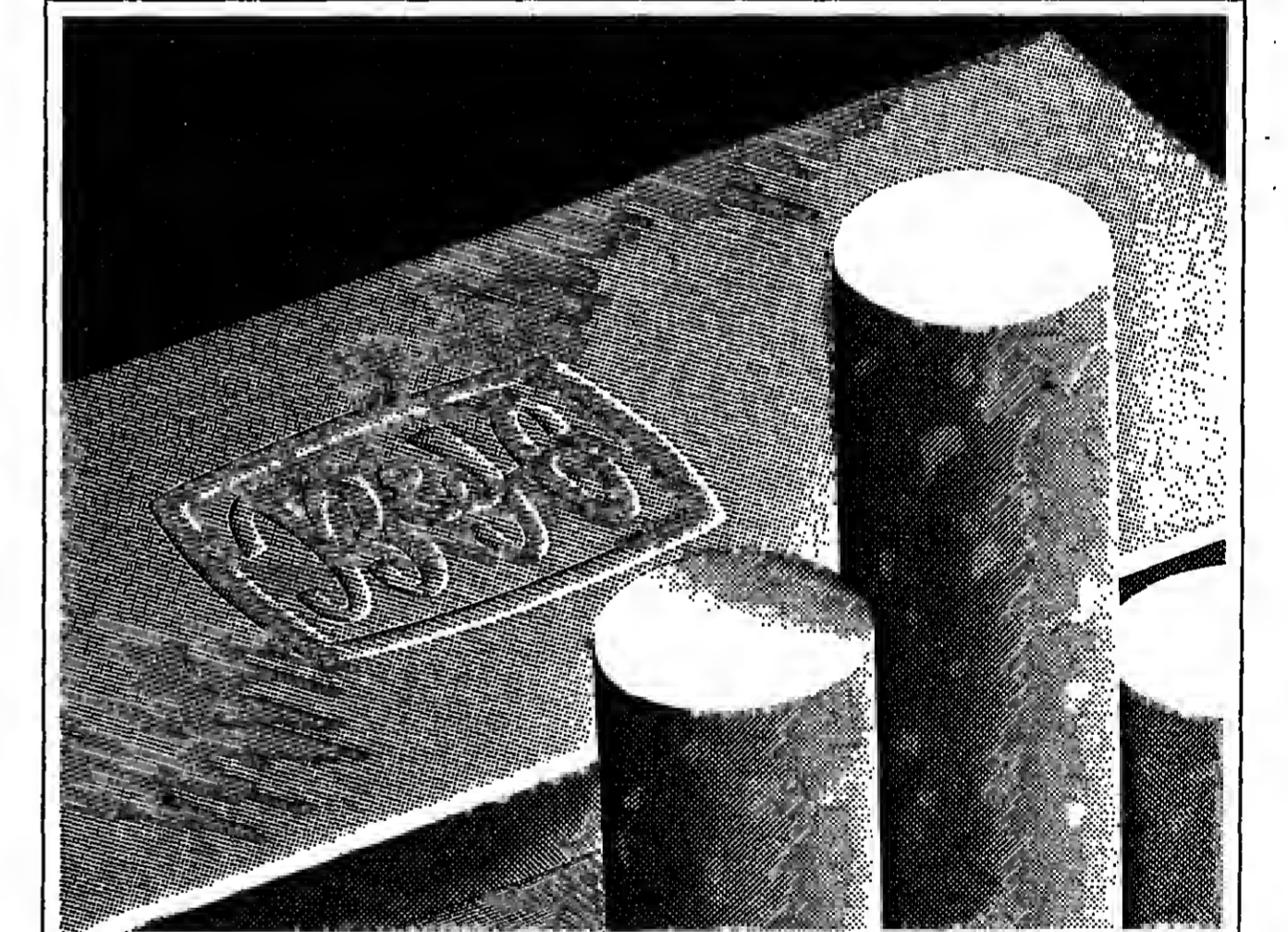
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INTERNATIONAL REAL ESTATE

Army Call-Up Reported in Afghanistan

Action Seen Leading To Increased Unrest

By Tyler Marshall
Los Angeles Times Service

NEW DELHI — A recently announced sweeping call-up of all military veterans under 35 by the Soviet-backed regime in Afghanistan has deepened already strong fears of increased unrest and led to further unrest in the nation, a Western diplomat says.

The diplomat said Wednesday that disturbances broke out in at least one Kabul girls' school on Monday, apparently protesting the draft call announced the previous day. Young women were in the vanguard of student demonstrations last year against the Soviet occupation of Afghanistan; the protests wracked the Afghan capital during much of the year.

The diplomat noted that because military service has been compulsory in Afghanistan for many years, the recall amounts to a blanket draft of all Afghan men under the age of 35.

Because most younger men are either already in uniform or out of the country, he predicted that the loss of all those under 35 will have a disastrous effect on government business and what little industry still operates in Afghanistan.

Hall of Staff

He said he knew of one 20-man Kabul office that would lose half its staff and another that would lose five of 30 employees. Short-staffed government ministries will be further hit, he noted.

"The Foreign Ministry is already a morgue," he said. "This will make it that much worse."

The call-up is viewed as the latest and most dramatic in a series of moves by President Babrak Karmal's regime to resuscitate the beleaguered Afghan Army.

Desertions, purges and casualties incurred in fighting a bitter nationwide insurgency dedicated to removing three successive Marxist regimes have reduced the army to about one-third of its original strength of 80,000 in the past three and a half years.

Previous Measures

Rebuilding the army so it can protect the government on its own is seen as a prerequisite for any substantial withdrawal of Soviet troops from Afghanistan. Moscow is transforming Afghanistan's basic institutions to fit the Soviet mold, but it would prefer to have the new system defended by Afghan rather than Soviet forces, area specialists believe.

All previous measures, however, including rounding up teen-agers and drafting them, have failed to keep pace with the high rate of desertions.

Just how effective the latest call-up will be is unclear, but the regime will have access only to men living in the country's few urban centers and small patches of outlying land it still controls in the predominantly rural nation.

Last month the government created new provincial defense councils with the responsibility for enforcing existing military conscription orders. The councils have already begun implementing the new order.

A diplomat said a man at Kabul's airport was prevented from boarding a flight to New Delhi Monday after it was discovered he was only 33 years old. The man reportedly was released at the behest of a former school friend who happened to be in charge of airport security.

A Defense Ministry announcement Tuesday warning all men to carry their military discharge papers at all times is being viewed as the precursor to major sweeps by authorities. Diplomats report an increase in street roundups of draft-age men in the Afghan capital since the call-up.

Initiative Backed

SINGAPORE (Reuters) — The Association of Southeast Asian Nations (ASEAN) supports a European Economic Community call for an international conference on Afghanistan. Singapore's foreign minister, S. G. P. Manjivaraman, said Thursday.

The European initiative, an attempt to secure the withdrawal from Afghanistan of an estimated 85,000 Soviet troops, was approved by EEC governments on June 30. It is essential for the United Nations to develop effective ways and means of responding urgently to violations of human rights and fundamental freedoms.

UN Panel Urges New Rights Post

GENEVA — A United Nations panel Thursday recommended creation of an office of a UN high commissioner on human rights as an "effective way" for the world body to confront rights abuses.

The Subcommission on Prevention of Discrimination and Protection of Minorities, by a vote of 15-2 with five abstentions, approved a measure that stated, "It is essential for the United Nations to develop effective ways and means of responding urgently to violations of human rights and fundamental freedoms."

The subcommission, which includes human rights experts from 26 countries and reports to the 43-nation UN Human Rights Commission, also approved a measure committing it to study at its session next year "the positive role a high commissioner for human rights ... should play in the full enjoyment of human rights."

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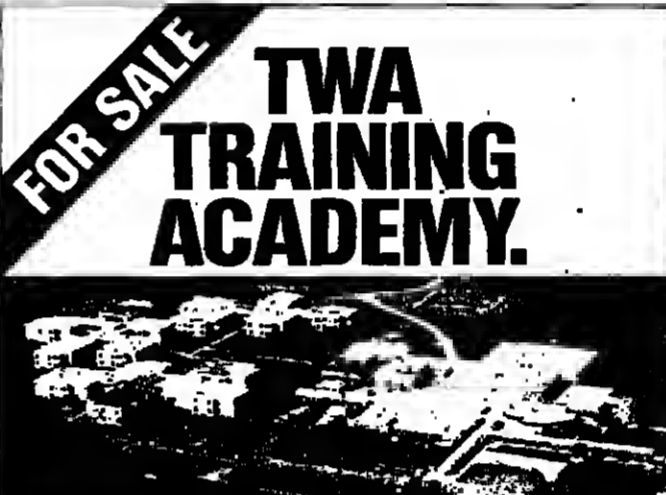
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Turkey Turning Face Toward Middle East

By Marvin Howe
New York Times Service

ANKARA — Turkey's military rulers, who seized power a year ago, have intensified the nation's efforts to play a more active role in the Middle East.

Their policy, which is described by officials as "economic realism" and also apparently has political overtones, was underscored Tuesday with the arrival here of the Emir of Kuwait, Sheikh Jaber al-Ahmad al-Sabah, for a two-day visit. Describing the visit as a historic occasion, the Turkish press said it was the first by an Arab head of state from a Gulf country.

In a determined effort to gain solvency with their Arab oil suppliers, Turks in general are pushing such diverse exports to Middle East countries as contract engineers, skilled workers, flight attendants, refrigerators, trucks and mineral water.

Atatürk's Policies

Deputy Premier Turgut Ozal, the chief architect of Turkey's austerity plan, is trying to sell Kuwait an "economic cooperation package" for the Gulf that would involve large Arab capital investment in Turkey. The package includes road, irrigation, food and agricultural projects and the building of communications networks, chemical plants, social-medical centers and holiday villages.

Turkey's policy is in sharp contrast to that of Kemal Atatürk,

who deliberately turned his back on the Middle East when he set up his Western-style, secular republic in this Moslem country in 1923. Atatürk rejected many aspects of Middle Eastern life that he considered backward, among them Islamic law and Arabic script, the fez and the veil, and unequal treatment of women.

In recent years, Turkey has found itself increasingly bound economically to the Middle East because of the high cost of its oil imports. Last year, its revenue from all exports equaled what it paid to import oil.

The relative importance of the Middle East to the Turkish economy has also increased as European countries, hit by recession, have reduced their imports of goods and migrant workers from Turkey.

Officially, Turkey, a member of the Atlantic alliance, demonstrated its readiness for a new Middle East policy in 1976 by holding the Islamic Conference's foreign ministers meeting in Istanbul. Previously, Turkey had shunned the Islamic Conference. Since then, there has been progressive improvement in relations with Islamic countries, particularly the oil-producing nations.

Seen as Counterbalance

From Ankara, official sources say privately, the Middle East is seen somewhat as a counterbalance to close dependence on the United States and isolation from West European countries, particularly West Germany, that are critical of Turkey's military rule.

As part of its Middle East policy, Turkey has taken its distance from Israel, once regarded as a major partner and model. Last winter, relations were downgraded to the point that a second secretary was the chief of mission.

Apparently as a result of the new policy, Iraq is to become Turkey's primary trading partner next year under a new trade agreement, replacing West Germany.

Turkey's exports to the Middle East have soared, reaching 11 percent of the area's imports, and 335 Turkish companies have \$7 billion in contracts in the Arab countries, primarily Libya, Iraq and Saudi Arabia. This is expected to reach \$10 billion by the end of the year. Likewise, about 200,000 Turkish workers have new jobs in the Middle East.

President of Iraq Doubts U.S. Role In Reactor Attack

United Press International

BEIRUT — Iraqi President Saddam Hussein has expressed doubt in an interview that the United States was involved in the Israeli air strike that reportedly destroyed an Iraqi nuclear reactor.

Some Arab governments and organizations have accused Washington of knowledge or participation in the raid, which occurred on June 7. The United States has denied involvement.

"No, until now, we do not have any clear evidence" that the United States participated in the attack, Mr. Hussein told Radio Monte Carlo in an interview in Arabic in Damascus that was broadcast Wednesday and monitored in Beirut.

Mr. Hussein indirectly admitted that the Israelis had destroyed the reactor, saying, "Yes, we will build [another] one and more in cooperation with the same countries and others as well." He added: "The attack is a lesson for us. A lesson and an incentive to make us build new ones [reactors]."

France has promised to rebuild the reactor but only under tight inspection conditions to prevent the diversion of nuclear material for military purposes. Saudi Arabia has offered to cover the full cost of its replacement.

Correction

The Associated Press

NEW YORK — The Associated Press erroneously reported in story published in the International Herald Tribune on Sept. 4 that Geo magazine had enough time to remove faked photos of pandas in the wild from its German edition. The pictures were printed in the German edition as well as the U.S. edition, said David Maxey, the managing editor.

W. German Backed For Assembly Post

Reuters

LUXEMBOURG — Egon Klepsch of West Germany has been chosen by the Christian Democrats as their candidate for the presidency of the European Parliament, a spokesman for the group said Thursday. The vote was 56-48 in his favor at a Wednesday night caucus.

This makes Mr. Klepsch, a member of the Christian Democratic Union, a strong candidate to succeed the Liberal incumbent, Simone Veil of France, when she steps down at the end of the year. The Liberals, Christian Democrats and British Conservatives have made an informal deal to rotate the first three presidential terms among them.

Mr. Klepsch is thought to have a good chance of being elected unless the Socialists, the largest group in the assembly, make a serious bid by putting up former West German Chancellor Willy Brandt, parliamentary sources said.



SNOWY HIJINKS — Snow fell Thursday in Johannesburg for the first time since 1964.

Mugabe Charges Muzorewa Trains an Army In South Africa To Depose His Government

The Associated Press

SALISBURY — Prime Minister Robert Mugabe has charged that his predecessor, Abel Muzorewa, is training an army in South Africa to overthrow his 16-month-old government. The Herald newspaper reported Thursday.

The pro-government daily quoted Mr. Mugabe as saying that 5,000 former auxiliary soldiers in neighboring South Africa, Mr. Muzorewa, an American-trained Methodist bishop, was head of an interim government in 1979 and 1980 that transferred control of the former colony of Rhodesia from the white minority to blacks.

In April, 1980, Mr. Mugabe's Zimbabwe African National Unity (ZANU) party won a majority of the seats in the House of Assembly in British-sponsored elections.

pute broke out over whether a black or white woman should represent Zimbabwe in the Miss World contest in London next month.

Some blacks claimed a finals competition scheduled for Friday was rigged to guarantee that a white would win. In a statement released Wednesday, the sponsoring company said it had pulled out of the contest and would hand it over to an unidentified "consortium."

Four whites and one mixed-race woman were selected last week for the finals. They were chosen by three black and two white judges.

'Disgruntled Elements'

The prime minister, speaking at a rally in Zaka village in southeast Zimbabwe, accused Mr. Muzorewa of collaborating with South Africa's white-minority government, the paper said.

Calling for greater vigilance, Mr. Mugabe was quoted by the paper as saying "disgruntled elements" that lost the elections were plotting to bring the government down.

"Some say there will be a new government. There will never be another government controlled by a party other than ZANU," Mr. Mugabe was reported as saying amid cheers from 6,000 villagers.

In Salisbury, meanwhile, a dis-

U.S. Grand Jury Reportedly Probes Abuse of Funds by Chicago Prelate

The Associated Press

CHICAGO — A federal grand jury is investigating whether Cardinal John P. Cody illegally diverted tax-exempt church funds to a personal friend, the Chicago Sun-Times reported Thursday.

The newspaper said the grand jury has issued subpoenas for financial records of the Chicago archdiocese, the cardinal and his friend, Helen Dolan Wilson of St. Louis. U.S. Attorney Dan K. Webb said his office received the subpoenas, but he refused to say whether there was a grand jury investigation of Cardinal Cody.

The newspaper said it had learned Cardinal Cody provided almost \$90,000 in 1969 and 1970 for Mrs. Wilson to buy a home in Boca Raton, Fla., shortly after she retired from an \$8,000-a-year position as an office manager in St. Louis.

The grand jury is looking into the source of those funds, according to unnamed sources quoted by the Sun-Times. Cardinal Cody, reached by the newspaper at a bishops' conference in suburban Mundelein, declined to comment on the report, but an archdiocesan spokesman categorically denied any misuse of church funds. Mrs. Wilson could not be reached for comment.

Burmese Elections Oct. 4

The Associated Press

RANGOON, Burma — A new parliament, the 475-seat People's Congress, will be elected Oct. 4, and elections for seats on the national, provincial and local Councils of State will also begin on that date. Most government leaders, with the exception of President Ne Win, 71, are expected to seek reelection.

Thorpe Applies For London Job

United Press International

LONDON — Jeremy Thorpe, a former leader of the Liberal Party who was acquitted two years ago on charges of conspiracy to murder, is attempting a comeback into public life, it was disclosed Thursday.

Mr. Thorpe, 52, has applied for the job of race relations adviser with the Greater London Council, a councilor said.

Mr. Thorpe, who was leader of the Liberals between 1967 and 1976, lost his seat in Parliament shortly before being acquitted on charges that he wanted to have Norman Scott, a male model, killed.

DEATH NOTICE

We regret to announce the death of Mrs. CATHERINE KRIEMADIS in Athens, Greece, on September 9. Wife of the late Air Vice-Marshal Constantine T. Kriemadis, O.B.E., Senior Commander of the Hellenic Air Force Squadron in North Africa and Italy, Chief of Operations, H.Q. R.A.F. Middle East W.W.II. Commander of the NATO Supply Center, Chateaufort, France.

Her children: Anastasia, Derek Mac Gowen-Kriemadis, Theodore, Eddo Van As-Kriemadis, George, Zoe Kriemadis.

Her grand children: Nicolas, Laurence, Johan, Delphine and baby Delphine.

46 Fokionon St., Athens, 9.P.I. du President-Mithouard, 75007 Paris, 19 Rue Roger-Bacon, 75017 Paris.

Usual Italian September 'Sting' Greeted Exhausted, Broke Vacationers on Return

By Paul Hofmann
International Herald Tribune

ROME — Italians who are at last drifting back to their cities, tanned, listless and broke after their long vacations, find that the morning cappuccino they need to face their jobs and urban stresses has gone up from 350 to 400 lire (29 to 33 cents) in some espresso bars, from 400 to 500 in others.

The prices for pizza, bologna sausage, pasta, bread and other staples too have jumped. Restaurant meals seem to be much more expensive now than a couple of months ago. Television repairmen and plumbers, if you can get them to show up, blandly charge fees notably higher than last time you had the privilege of their services.

Although everybody is outraged, nobody is really surprised. The general advance on the price front is of course the September stangaza, or sting — a phenomenon as predictable as the cloudbursts between oppressive waves of sirocco, loaded with sands of the desert, this time of the year. [The 1981 sirocco season comes with verbal blast from Libya's Col. Moamer Qadhafi.]

Inevitable though the sting seems to be, it always prompts a lot of grumbling among the housewives in the neighborhood markets and the commuters in the buses. As every year, the newspapers denounce the boiling prices and discover once again that there are far too many middlemen.

voluble history professor, he may not know much about retail business, but he does know that mandatory price ceilings have never worked since King Hammurabi of Babylon tried them 4,000 years ago.

Instead, Mr. Spadolini in relying on voluntary restraints in the food sector. The government has talked the shopkeepers' associations into promising, reluctantly, that they will hold the prices for 20 basic items during the next two months.

The list of guideline prices ranges from 950 lire for a kilogram of spaghetti to 1,100 lire for 100 grams of packaged, sliced salami.

cratic Party, still the nation's strongest force.

Mr. Marcora lent political muscle to the premier's efforts to make the sting less painful. As leader of the small Republican Party, one of the five middle-of-the-road groups in his government alliance, Mr. Spadolini does not have much of a power base. After 10 weeks in office, he needs some success.

The shopkeepers — of whom Italy has more per head of population than any other industrial nation — have declared through their spokesmen they do not really believe in voluntary restraints, but will cooperate for the next two months. Consumer advocates also are voicing skepticism.

The government says it views the ceiling on prices for food as a strategy aimed at a "controlled" inflation of 16 percent annually, instead of 21 percent to 22 percent at present. Other of Mr. Spadolini's projects are to cut government expenses, step up productive investments and — the most ticklish issue of all — revise the escalator clause that ties all wage rates to the consumer price index. The unions have already warned they are dead set against any tampering with the indexation of wages.

While the government is trying to keep food prices down, it is about to raise postal rates and the fees for other public services. It is all part of the sting.

Political Muscle

Much of the jawboning was done by Giovanni Marcora, the minister of industry, commerce and handicrafts. Mr. Marcora, who was long in charge of agriculture and is remembered as a forceful defender of Italian farm interests in Brussels, is an influential member of the Christian Demo-

Teamster Leader Faces Bribery Trial in March

The Associated Press

CHICAGO — Roy Lee Williams, the Teamsters union president, and four other men will stand trial March 15 on charges of conspiring to bribe a U.S. senator.

Defense attorneys had asked for a year's delay in the trial to give them time to study 2,097 tapes gathered in a government investigation, but Judge Prentice H. Marshall denied the request Wednesday in U.S. District Court. The defendants, indicted by a federal grand jury in May, were accused of promising Sen. Howard W. Cannon, a Nevada Democrat, rights to a tract of land.

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The government in a related September rite, earnestly announces it is going to do something about the cost of living.

This time, the government is headed by Giovanni Spadolini, the first premier in 35 years who is not a Christian Democrat. A cherubic,

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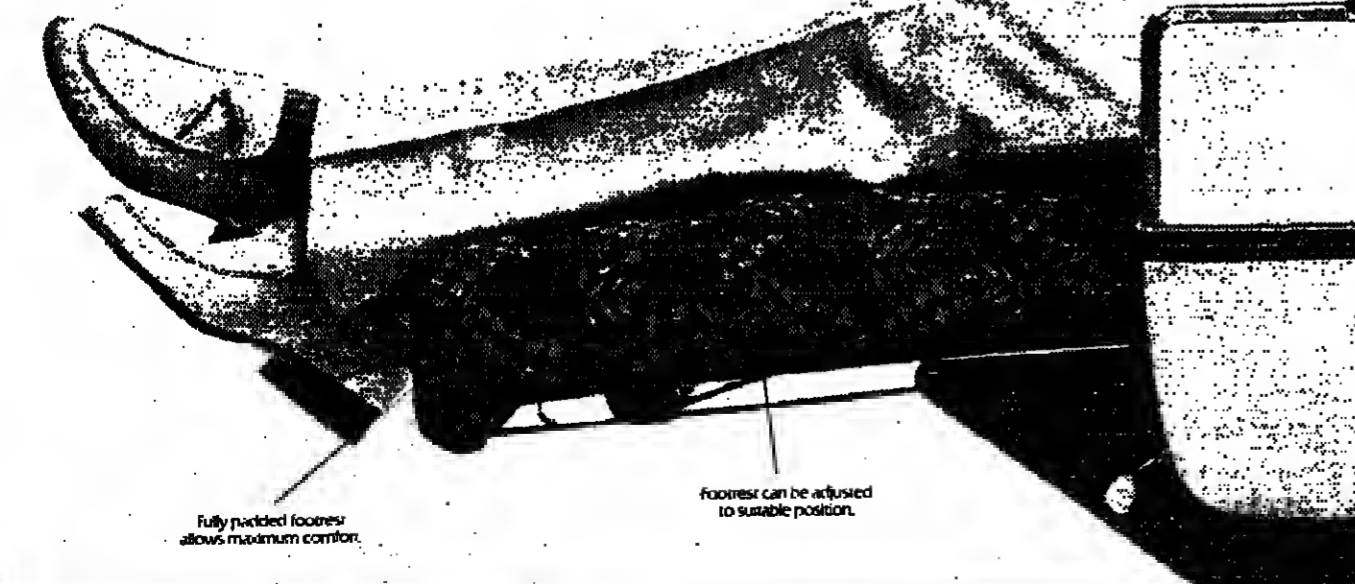
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How Not to Balance It

Thrashing around in the grip of the budget, the Reagan administration is reaching toward a couple of wildly misguided remedies. With the support of the Republican congressional leadership, the White House is talking about impoundment legislation. Impoundment means letting the president decide which appropriations to spend, and which not to spend. It's the line-item veto of appropriations that many presidents have sought. But Congress has refused it, recognizing it to be a massive transfer to the presidency of the constitutional power — and responsibility — to set spending policy.

For Sen. Howard Baker of Tennessee and Rep. Robert Michel of Illinois to encourage this idea is an astonishing abdication. It amounts to saying that the congressional Republicans want further cuts in the budget — but not by them. They don't want their fingerprints to be found anywhere around the scene of the next round of cutting. They want the deed done far from them, over at the White House, behind closed curtains.

This dodge not merely would be craven on the part of Congress, but would also mean an important shift in the balance between the two branches of government. To see the implications, you have only to recall recent history. President Nixon claimed the authority to impound, and used it vigorously and illegally in the early 1970s, a period in which the president's assertions of his rights and powers had swollen dangerously out of measure. The courts told Mr. Nixon to stop it, and Congress wrote in the Budget Reform Act of 1974, an orderly and reasonable procedure to rescind unneeded appropriations. That rescission process has been used effectively this year to cancel spending that Congress now considers excessive. But the procedure re-

quires congressional votes, and that is what the Republican leaders are evidently trying to avoid.

Meanwhile, a different sort of had idea has emerged at the Pentagon, where officials are talking of a "sliding scale" of defense appropriations. They want to slide some of the increment in spending out past 1984 — the year when the president has pledged to balance the budget. Unlike impoundment, this one has no deep constitutional meaning. It's a mere fiscal fakery.

Balancing the budget briefly during a political campaign will be meaningless, if everyone sees that a huge accumulation of spending commitments will roll into the budget immediately after the election. Abroad, the NATO allies of the United States — not to mention the Russians — would assume that the postponement meant a wavering of intentions here. But at home, the financial markets would foresee a ballooning of deficits beginning in 1985 and would discount any temporary gestures toward restraint. The administration's budget dilemma is genuine, and it is not going to be resolved by resorting to creative accounting.

The administration's dilemma is the result of a tax cut that was too large. This has left the United States with revenues inadequate to support both the defense effort that Mr. Reagan considers essential, and the domestic programs that Congress — even a conservative Congress with a Republican Senate — considers essential. There is only one genuine solution, and that is to raise taxes again. As long as Mr. Reagan refuses to consider that possibility, the budget problem remains insoluble.

THE WASHINGTON POST.

'Guernica' Goes to Spain

On April 26, 1977, the 40th anniversary of the bombing of Guernica by the Heinkels, Junkers and Messerschmitts of Hitler's Condor Legion, the children of the town marked the event with drawings of death and destruction. With colored crayons on cheap paper they depicted dive bombers, burning houses and dying people. They were commemorating an attack that many historians have called the beginning of modern warfare — the carpet bombing of a town to destroy it and terrorize the rest of the country's population. In the year of the bombing, 1937, Picasso was commissioned by the embattled Spanish Republic to paint a picture for an exhibition in Paris. He, too, took Guernica as his text. He used surreal forms and cold shades of gray to etch the image permanently into the consciousness of mankind.

The moving of the painting from New York to Spain in 1981 is in accord with Picasso's wish that it be put on view in the country of his birth only after the death of Franco and the restoration of personal liberties. The conditions have been met. Franco has been dead for almost six years and Spaniards are free. But that freedom is still tenuous, and as a result, the arrival of "Guernica" is steeped in irony. For one thing, the power-

ful Spanish army, units of which came close to overthrowing the government in February, is still led to a large extent by officers who fought with Franco during the Civil War of 1936 to 1939. To them, Guernica was a step on the way to winning the war that kept Spain from succumbing to Godless Communism. The town also contains the oak tree that symbolizes special Basque rights and, by extension, autonomy, which the army abhors. The greatest provocation may be that it will call attention to today's Basque nationalist terrorists.

So there will be mixed feelings about the arrival of "Guernica." But mostly, it should be understood as confirmation that for six years Spain has lived up the condition set by Picasso. It also has a terrible resonance that extends far beyond Spain's borders. The Spanish Civil War was a laboratory for World War II and the Guernica bombing, so fearsome at the time, may well have been a key experiment. But weaponry has come a long way since the 500-pound bombs of 1937. The great fear, now, is that should there be similar experiment with today's bombs, 40 years later there will be no children to commemorate the event.

INTERNATIONAL HERALD TRIBUNE.

Question of Radiation

Thirty-six years after atomic bombs were dropped on Hiroshima and Nagasaki, the grim business of cataloging the effects of radiation on the survivors goes on. Thanks to the extraordinary cooperation of these individuals and their offspring, some good is coming from the horror. Scientists are able, for the first time, to study the effects of radiation, not on a mice or monkeys, but on human beings. According to a newly published summary of work that has been under way since 1946, the good news is that humankind appears to be considerably less susceptible to genetic damage from radiation than had been thought and than existing radiation safety standards allow for.

The setting of safe levels for human exposure to nuclear radiation, chemicals or similar hazards must of necessity rely on extrapolation from animal studies or on the results of prior "accidental" human exposures. Cases where statistically large enough numbers of people have been exposed to the same risk, where the group can all be found, and where confounding factors are not overwhelming, are extremely rare. In these respects, the atomic bomb survivors are unique.

The latest results, published this week in Science magazine, only concern one of the possible kinds of damage from radiation — genetic damage that affects the offspring of those who are exposed. Effects on the exposed individual — such as induction of cancer — are not involved. The evidence from

Hiroshima-Nagasaki comes from such things as birth defects and stillbirths, death during childhood and other indicators of genetic mutation. The data show an astonishingly low level of genetic damage. In this one respect, humanity appears to be about four times as resistant to radiation as mice — the experimental animal on which current standards for human exposure are based.

No other common hazard has proved as difficult to pin down as radiation. Despite dozens of studies and research projects, the question of what is a "safe" level of exposure remains mired in conflict. In an editorial accompanying the report, one of its authors, Prof. James Neel, is putting it mildly when he notes that the new results will "elicit discussion." Despite the lack of other exposed human groups as potentially informative as the Japanese survivors, Prof. Neel argues that because public concern is so great every possible source of human data should be studied. He proposes that a "blue-ribbon committee" be appointed to study the matter.

Whether — given the current level of understanding of biological mechanisms — additional studies would clarify or confuse, seems an open question. Nevertheless, considering the great value of resolving this anxiety-producing issue, the suggestion deserves consideration.

THE WASHINGTON POST.

In the International Edition

Seventy-Five Years Ago

September 11, 1906

NEW YORK — The Night and Day Bank proposes to establish a separate banking department for women, where they will be attended by a member of their sex. Spacious dressing rooms have been installed, and it is believed that many wealthy patrons will keep their jewels in the bank vaults, coming there for their ornaments on the way to dinner or the opera, and later leaving them on their way home. Meanwhile, Mr. McClellan, the mayor, took the first step today in his war on Charles Murphy, the Tammany leader, by dismissing George Walgrove, Commissioner of Parks for the Bronx Borough. Mr. Walgrove has been active in supporting the district leaders favorable to the borough "boss," Mr. Haffen.

Fifty Years Ago

September 11, 1931

MARSEILLES — The world has nothing to fear from an independent India, Mahatma Gandhi declared today in a radio interview from the liner Rajputana, which is bringing him to the India round-table conference in London. The noted leader pledged particularly that India would not join Russia and spread Communism throughout the world. The utmost importance is attached to this declaration because Gandhi had never previously definitely indicated lack of sympathy with Moscow. "India is not interested in world Communism," he said, "it wants only its own independence, and hopes to take its place among the world powers, respecting the rights of others and maintaining its own social and political standards."



How Can You Suggest That We Evolved From the Lowly Fish? We're Much Too Special!

God and Jonah at Yale: Getting It Right

By Anthony Lewis

BOSTON — The prophet Jonah, the Rev. Jerry Falwell, A. Bartlett Giamatti and William F. Buckley Jr.: what an unlikely mélange. But there they all were the other day, mixed up together in an entertaining and instructive episode — more instructive than at least one of them knew.

Mr. Giamatti, the president of Yale, began it with a speech to freshmen criticizing the Moral Majority, the fundamentalist political movement led by Mr. Falwell. He said that it and like groups were using "old intimidation and new technology" in a "radical assault" on diversity and freedom in the United States.

"Angry at change, rigid in the application of chauvinistic slogans, absolutistic in morality, they threaten through political pressure or public denunciation whoever dares to disagree with their authoritarian positions. Using television, direct mail and economic boycott, they would sweep before them anyone who holds a different opinion ...

Made His Mark

Mr. Buckley, who first made his mark 30 years ago with "God and Man at Yale," could not remain silent about such heresy at his alma mater. He wrote a column in disagreement with Mr. Giamatti, asking rhetorically: "Is it really his position that people reading the Bible are not free to enjoin its messages?"

Then Mr. Buckley fastened on a particular Giamatti phrase, the one about the conservative politico-religious groups being "angry at change." Invoking the Bible to argue that

there was nothing wrong with anger, he quoted from the Book of Jonah: "And God said to Jonah, 'Dost thou well to be angry?' And he said, 'I do well to be angry, even unto death.'"

But it is a great mistake to quote the Bible unless you have at least a dim sense of what it is about. Mr. Buckley evidently did not understand what happens to be one of its most beautiful and moving passages. He got the message of the Book of Jonah exactly backwards. And it is a message with much contemporary significance.

The Book of Jonah is known mostly for the "great fish," as the King James version calls it, that swallows the prophet. But the real point of the story, and its beauty, lies elsewhere.

Trying to Escape

Jonah takes his ill-fated voyage in trying to escape a command of God: to go to the city of Nineveh and preach that it will be destroyed because of wickedness. After God saves him from the fish, Jonah goes as ordered and predicts Nineveh's overthrow in 40 days.

But the people of Nineveh believed the word of God, and fasted, and turned from evil. And God saw them and forgave them. He did not destroy the city.

"But it displeased Jonah exceedingly," the Bible says, "and he was very angry." He told God that that was exactly why he had tried to avoid the assignment, because he foresaw that God would be too soft-hearted to carry out the promise of destruction: "For I knew

that thou art a gracious God, and merciful, slow to anger, and of great kindness, and repentest thee of the evil."

Then Jonah went out of Nineveh and waited to see what would happen. God made a gourd grow — the Donny Version calls it ivy — to give Jonah some shade. But the next day God caused the vine to wither, and the sun beat on Jonah's head until he fainted. And then God asked, "Dost thou well to be angry for the gourd?" And Jonah answered, "I do well to be angry, even unto death."

Loss of Face

How petty is Jonah's anger, how selfish, how unworthy. Loss of face is not reason enough to be angry unto death: the death of Jonah, after all, but of the people of Nineveh.

That is the point of the Book of Jonah: that humanity matters more than abstractions, that the true spirit of God is not relentless moralizing but forgiveness. And so today, if our secular society is to work, it must have not angry certainties but a willingness to respect the common humanity of people with different views.

"Then said the Lord," the Book of Jonah concludes, "Thou hast had pity on the gourd, for the which thou hast not labored, neither madest it grow; which came up in a night, and perished in a night; and wherein I spare Nineveh, that great city, wherein are more than sixscore thousand persons that cannot discern between their right hand and their left hand; and also much cattle?"

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Italy: The Quest to Find a Government

By William Pfaff

FLORENCE — There is a 15th-century Florentine story, with a basis in fact, of a morbid trick played upon a woodworker named Manetti degli Ammannatini by his painter friends. They insist to him that he only imagines that he is himself, and by a series of tricks and maneuvers they eventually reduce him to a state of frightened confusion in which he will not go home for fear of finding that Manetti degli Ammannatini is already there. "If he is there," he asks, "what will I do?"

This story can be taken as a model of alienation, but also of the effect of belief upon reality. Given a political significance, it suggests that societies are, or are not, what they think they are.

The Reagan government in Washington acts on this notion

when it claims that the United States now is strong because it believes itself strong, and that shooting down Libyan fighters is evidence of this strength.

It is true that strength and weakness can derive from confidence in strength, or conviction of weakness, but objectivity has a spoiler's role to play. It is impossible to be strong without the material means to be strong. However, weakness can exist despite objective factors of strength.

Modern Italy is a society that does not believe in its true strength. It does not believe in itself, or at least it is a society in which intelligent people are unwilling to express more than a useful confidence in their countrymen's ability to survive and cope despite all the things that are wrong.

Everyone knows that the Italian economy is a miracle of improvisation and individual initiative — more often than not exercised in the "black," which is to say outside the framework of social charges, taxes, zoning and environmental restraints, and thus outside declared statistics and the official growth of national product (which, nonetheless, is itself, in its rate of growth, consistently one of the highest in the industrial world).

Economic Dynamism

Italy's economic dynamism has never seriously faltered since the war. But as so much of it is irregular and extra-legal, it has to be apologized for by Italians.

Italian pride in what has been accomplished always is mixed with a discernible self-contempt, a bitterness that it could not all have been done properly and conventionally.

One reason the French presently are disliked in Italy is that French efficiency and effective government is taken by the Italians as a reproach. Why can't Italians, too, have governors who govern, planners who plan, a civil administration which makes everything work?

One of Mussolini's ministers remarked, in the heyday of Italian Fascism, that "Italians like to be loved, but they like better to be feared and envied." Exactly. Since the ephemeral experience of Fascism, when a rhetorical inflation of the state, and pompous claims of Roman imperial mission, led to a squallid catastrophe, Italians have tried to content themselves with being loved. This is wearing. Millions of foreigners crowd the country every summer and tell the Italians how charming they are, incidentally emphasizing to Italians how much more impressive they find the country's past than its present.

Cruel History

Florence, after all, is a city of cruel history; Tuscany is a place of war, treachery, and genius. Modern Italy's politics and political philosophy were invented here, together with perspective, the techniques of oil painting, modern literature, the keeping of statistics, a scientific view of the universe, opera, the secular sensibility — the modern world itself (a not unmitigated good, as Mary McCarthy severely observes).

But the Florentines now make

shoes, handbags, optical equipment, light machinery, and novelties for the tramping invasion of tourists. The Uffizi museum itself, once the office of government, is marked with graffiti in all known languages, while its gallery shelters sidewalk portraits, souvenir postcards, and a representative campment of the shabby and stoned teenage population of northern Europe. One concludes that a little fear and awe could improve the morale of the Florentines on end.

It would improve Italian morale. That is, after all, one of the things the terrorists in their murderous manner have been trying to say: that Italy should be hard, revolutionary, pitiless, unlovable. Their message has in it much the same things the Fascists were saying in the 1920s.

The Fascists, too, wanted to bury the Italy of museums, tombs, and tourists, to substitute a modern Italy of dynamism, zeppelins, electric railroads, tanks, colonies, and marching armies. The Italian people were responsive — up to a point.

Creativity

The truth is that Italy possesses too much creativity, too much intellectual and aesthetic originality, too much energy, for the political framework within which it functions. These qualities warp and strain that framework, and Italian society in turn is distorted and thwarted.

Garibaldi, Cavour, and the Risorgimento meant to give to fragmented 19th-century Italy a modern national structure, so that it could become like France, Germany, and Britain. For many reasons that effort has failed. The failure has as its legacy the essential problem of contemporary Italy, still unresolved, without sight of resolution, which is how, and where, to find a government.

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Letters intended for publication should be addressed "Letters to the Editor," and must include the writer's address and signature. Priority is given to letters that are brief and do not request anonymity. Letters may be abridged. We are unable to acknowledge all letters, but value the views of readers who submit them.

Letters

Apocalypse, Anyone?

As a daily reader of your newspaper, I was struck by three recently reported items that could portend an approaching religious war of apocalyptic dimensions.

"War of the Prophets" will likely pit the true believers and followers of Jesus Christ against those of Mohammed, Marx and Lenin.

First, in your article, "Image of Coin on Shroud Advanced as Proof of Authenticity" (IHT, Sept. 3), one sees one more case, among many, where science itself is backing the traditional claims of the Church concerning Christ's role as Prophet, Lawgiver and Redeemer. For, by proving the authenticity of the Shroud of Turin, science will be confirming the Passion, Death and Resurrection of the historical figure of Jesus. The consequences of this to all mankind, at this time, are enormous ...

Second, in your report, "Vatican Reported to Suspect KGB in Pope Shooting" (IHT, Sept. 4), one is impressed with the surprising connection between the Moslem assassin and Soviet Russia's secret police, the KGB, as well as with the May 13 date of the shooting.

As millions already know, May 13 was the day of the first of several apparitions of the Virgin Mary at Fatima, Portugal, in 1917. She accurately predicted that Russia would spread its errors throughout the world (international Communism), fomenting wars and persecuting the church; World War II; famine; martyrdom for many people; and a universal punishment that would witness the annihilation of various nations. She confirmed these timely predictions with a public miracle on October 13, 1917, that was witnessed by over 70,000 persons present at Fatima on the appointed day of the great prodigy.

As for the Moslems, their 20th Century scimitar is their oil wealth. They can, at will, bring the industrialized economies of Japan and the West to its knees by the turn of a faucet. Iran's Ayatollah Khomeini and Libya's Moammar Qadhafi have done much to terrorize nations attempting to live un-

der the principles of international law. Although we don't care, they have not forgotten the Crusades.

Third, your week-end review, "For Some Light Reading, Try an Apocalypse" (IHT, Sept. 6) seems to be a confirmation of the above observations. That the predictions of Nostradamus should have the French so excited, as Jean Charles de Fontbrune's runaway bestseller confirms, is a phenomenon that calls for serious reflection.

ARTHUR DENCHFIELD 3d.

Courage of Sadat

The former Israeli chief of staff Mordcheai Gur launched a trial balloon by saying recently that were the PLO to change its character and recognize Israel's right to exist, he would be among the first to talk to PLO leader Yasser Arafat.

"We and the Palestinians were born to live together in the same territory," he declared. Mr. Gur must also realize that whereas Israel's right to exist is an internationally established fact, the Palestinians are a scattered people seeking with their own existence and identity. It is well known that humiliation breeds contempt.

But President Anwar Sadat had exceptional courage. He rose above humiliation, formality and protocol. His was a gentle challenge of humbleness and dignity (without any preconditions).

TEL AVIV. HARRY SPIRO.

Hartman Hailed

I was delighted to read Richard Eder's piece on Ambassador Arthur A. Hartman (IHT, Aug. 25) detailing his many virtues and the brilliant manner in which he has fulfilled his mission in France. I would now like to suggest that the well-organized lobby which won tax relief for U.S. residents abroad use its muscle to pressure the U.S. government to assign other qualified professionals to ambassadorial posts.

SCOLE REINHART

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Hobbies

The Russian Car Collector

By David Minthorn
The Associated Press
MOSCOW — In a country where private cars are still the ultimate luxury...

Fashion

Roughing It With Lauren and Reagan

By Hebe Dorsey
International Herald Tribune
NEW YORK — President Reagan goes to the ranch and the fashion industry comes up with a new denominator...



Lauren calls this a "luxurious tribute to American frontier."

Dance

Sadler's Sherilyn Kennedy Is Thrust Into Spotlight

By Noel Goodwin
International Herald Tribune
LONDON — It now seems accepted that the Sadler's Wells Royal Ballet will keep a quite separate identity from the Royal Ballet at Covent Garden...

Arts Agenda

PARIS — IRCAM and the Ensemble Intercontemporain are in charge of a series of concerts in the framework of the current "Paris-Paris" exhibition...

Literary Reference

She succeeded notably well as the central girl in "Night Moves" one of several recent new ballets by the young choreographer David Bintley...

Photography Scene

PARIS
Susan Maiselas, Nicaragua, FNAC-Montparnasse, 136 Rue de Rennes, Paris 6, to Oct. 17.
Maiselas accompanied victorious Sandinistas in Nicaragua...

Music

Gift Gives D'Oyly Carte Opera a New Lease on Life

By Andrew Warshaw
The Associated Press
LONDON — The D'Oyly Carte Opera Company, which launched Gilbert and Sullivan's famous operettas 106 years ago...

another season on the London stage.
Ed Simons, executive producer of the TV series and financial director of Brent Walker — which has interests in hotels and shopping centers as well as film production...

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BUSINESS NEWS BRIEFS

Fujitsu Confirms Discussions With ICL

TOKYO — Fujitsu said Thursday it had discussed a proposed technical and business link with International Computers Ltd. of Britain covering both computers and semi-conductors.

But it declined to comment on a report in the Tokyo Shimbun that the two companies have agreed on a comprehensive link, possibly to be signed next week.

Arabs Plan Firm to Issue Travelers Checks

BAHRAIN — The Union of Arab Banks said Thursday it plans to set up a company to sell travelers checks in the Arab world.

BNOC, Danish State Oil Firm Sign Agreement

LONDON — The state-owned British National Oil Corp. said Thursday it had signed a mutual cooperation agreement with Dansk Olie and Naturgas, Denmark's state oil corporation.

Ford Recalls 390,000 Subcompact in U.S.

DETROIT — Ford said Thursday it is recalling 390,000 Escort, Lynx, EXP and LN7 subcompacts in the United States to fix a carburetor problem that could make the cars run roughly or stall.

Intel Licenses Solid State Scientific

SANTA CLARA, Calif. — Solid State Scientific said Intel has licensed it to produce the Intel 8048 and 8049 eight-bit microcomputers.

Ailing British Air Moves to Slash Costs

LONDON — Saying it was threatened with extinction, British Airways on Thursday announced drastic cost-cutting measures, including the reduction of its staff by 9,000, the suspension of 16 international routes and the closing of its cargo service.

The state-owned airline, facing the worst financial crisis it has known, said it would cut its staff worldwide from 52,000 to 43,000 by June and grant no pay rises for the next year.

Chief executive Roy Watts said the airline will have pre-tax losses of at least £100 million in its year ending next March 31, compared to a £141-million loss last year, it trends continue.

FTC Antitrust Case Against Cereal Makers, Opposed in Congress, Is Dropped by Judge

WASHINGTON — A Federal Trade Commission judge Thursday dismissed a 9-year-old antitrust case that alleged the nation's leading breakfast cereal-makers conspired to fix prices.

The decision, which came amid efforts in Congress to force the agency to drop the case, is subject to review by the full commission.

Alvin Berman, an administrative law judge for the FTC, ruled the agency's lawyers had failed to prove that Kellogg Corp., General Mills and General Foods Corp. formed a "shared monopoly" of the breakfast cereal market.

The FTC staff, attempting to prove a novel and controversial antitrust theory, had alleged that the cereal-makers, by their very size, so dominated the market that competition was smothered and prices were kept as much as 15 percent higher than they would have been otherwise.

France to Borrow \$1 Billion For Unemployment Agency

PARIS — The French government will shortly float a loan of between 6 billion and 7 billion francs (\$1.04 billion and \$1.2 billion) on the domestic capital market to finance the state unemployment insurance agency, Unedic.

A senior official of the French employers confederation meanwhile said Thursday that the government's bank nationalization measures would make France the only non-Communist country with credit under direct state control.

Alain Chevallier, vice president of the federation, said the Socialist administration's plans to add 36 banks in the public sector would give the government "absolute power over the distribution of funds."

Mitel in £10-Million Deal

KANATA, Ont. — Mitel Corp. said its British subsidiary, Mitel Telecom, signed a one-year, £10-million contract with British Telecom for a stored-program, fully electronic switching system which is a version of the Mitel SX-200 Superwitch, the company said Thursday.

Weidenbaum Urges Faster Growth In Money Supply to Hit Fed's Goal

By John M. Berry
Washington Post Service

WASHINGTON — The Reagan administration, its entire economic program being jeopardized by continuing high interest rates, would like to see somewhat faster growth than the money supply, the chairman of the President's Council of Economic Advisors has said.

The chairman, Murray L. Weidenbaum, stressed Wednesday that the administration has no quarrel with the Federal Reserve's targets for growth of the money supply. However, the level of M-1, which includes currency in circulation and checking deposits at financial institutions, has remained below the Fed's target range for some time, Mr. Weidenbaum said, and the administration would like to see the M-1-B growth rate back up to at least the lower part of that range.

[Anthony Solomon, president of the New York Federal Reserve Bank, said Thursday in a speech in Niagara Falls, N.Y., that money supply growth had been brought under reasonably good control and remained basically on target for the year, Reuters reported.

[He said the Federal Reserve did not expect to meet money and credit targets with any precision on a short-term basis, and added that the introduction of new financial instruments such as negotiable order-of-withdrawal accounts and money market funds with check-writing privileges made it unusually difficult to interpret the behavior of the money supply.]

Mr. Weidenbaum said that despite the unexpectedly high level of interest rates, the administration has not revised the economic forecast it published in July which predicted faster economic growth

by year's end. Some private forecasters, including some of those who were to meet Thursday with the president and his economic team, believe the persistence of high rates has pushed the beginning of that faster growth well into next year. "Those are reasonable scenarios," Mr. Weidenbaum said. "They're just not our... scenario."

"Good News" He indicated, however, that some recent developments, themselves constituting "good news," had combined to increase estimates of federal budget deficits for 1982 and later years.

"Good news on inflation means lower revenues, good news on oil prices means lower windfall-tax receipts, and good news on food prices means higher support payments to farmers," he said.

As for monetary policy, if the Fed can boost M-1-B growth, the additional supply of money might ease credit conditions and help produce lower interest rates. But financial analysts have been interpreting any increase in M-1-B as implying that the Federal Reserve will have to tighten up in the future to keep money growth within bounds.

Guiding the Public Mr. Weidenbaum said this reaction is not justified. "It is important that financial markets understand that a move to the lower end of the range is not a move to monetary ease," he said. In urging the faster growth, he added, "I am not giving guidance to the Fed. I'm giving guidance to the public."

In recent statements both President Reagan and Treasury Secretary Donald T. Regan have been critical of the Fed's performance and the high level of interest rates and have implied a desire

Dollar Slips as Gold Surges On West European Markets

The Associated Press

LONDON — The dollar slid against most major foreign currencies Thursday amid predictions of lower U.S. interest rates. Gold and silver surged.

Dealers cited warnings that the U.S. Congress soon may act to cut interest rates and predictions that

the assistant secretary of the Treasury in the Carter administration has predicted that the value of the dollar would drop sharply later this year or early in 1982, slowing U.S. economic growth. Page 11.

money supply figures soon to be released by the Federal Reserve Board would give added weight to the arguments for lower rates.

"What is certain is that the dollar is receiving less and less support, and (there is less) confidence in the Reagan administration," a Frankfurt dealer said.

Dealers also said the dollar's softer tone was a reaction to Wednesday's plummeting of the federal funds rate, which closed at about 7 percent after opening at 17 percent.

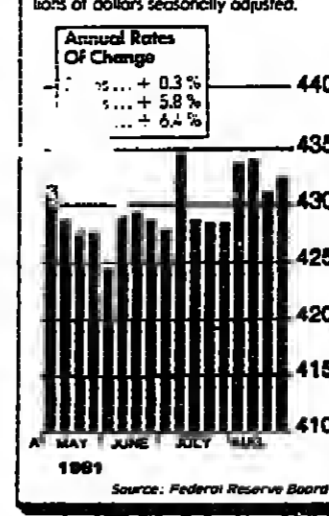
Wednesday, the last day of the U.S. bank statement week, often produces wide fluctuations in the rate, but the drop was nevertheless extreme, they said.

Another major factor Thursday was continuing investor uncertainty over Poland.

Those fears helped send gold back past the \$450 an ounce barrier.

Money Supply: M-1B

Currency, checking and other checkable deposits, weekly averages in billions of dollars seasonally adjusted.



Prices on Wall Street In Broad-Based Rally

From Agency Dispatches

NEW YORK — Prices on the New York Stock Exchange staged a broad-based rally Thursday after being hit hard the past few months because of high interest rates.

The Dow Jones industrial average, which gained 2.76 points in Wednesday's abbreviated session, gained 8.56 points to close at 862.44. It had been up about 10 points at one point.

Advances led declines, 1,149-413, among the 1,895 issues traded on the New York exchange and volume expanded to 474.3 million shares, compared with 43.81 million traded Wednesday when the market closed a half hour early because of a power failure.

Prices were higher in moderate trading of American Stock Exchange issues.

Analysts said that because the Dow average had fallen about 170 points since mid-June, the market was set for a rally involving bargain hunting and investors replacing shares sold earlier.

Observers said the market's surge appeared to be a carryover from the upturn that began late in Wednesday's session.

Still, the investment community was wondering where interest rates were headed. Rates at present are at record highs. And Congress is starting to fume about the situation.

Senate Republican leader Howard Baker is threatening to reorganize the Federal Reserve, which has maintained a tight monetary policy to check rampant inflation.

House Republican leader Bob Michel of Illinois reportedly is demanding a congressional crackdown if the rates do not fall by December.

U.S. credit markets continued to rally Thursday, although prices slipped from the highs of the day, dealers said.

They said this was because there still was very little investor support for the higher levels, except in the very short end of the market. Still, an easing of the federal funds rate to 16 percent and lower financing costs of around 15 percent provided technical support for the market.

The benchmark 13½% of 2011 were at 94½, compared with 94½ earlier and 94½ at Wednesday's close.

The Investment Company Institute reported Thursday that money market mutual fund assets rose \$2.48 billion to \$132.8 billion in the week ended Wednesday.

In corporate news, Eastern Air Lines said it expects a "very modest" profit for the year as a result of lower expenses. Eastern followed the lead of Pan Am and announced lower fares within the United States.

Air Florida System also cut New York to southern Florida fare.

FMC Corp. said Thursday it received a \$50 million addition to its fiscal 1981 contract from the Defense Department for infantry and cavalry fighting vehicles. The company said the new award covers about half the value of an additional 100 vehicles.

General Dynamics has authorized the purchase of 1 million shares of its common on the open market or in privately negotiated transactions. The company said the repurchased shares will be used to meet the requirements of its stock option and incentive compensation plans and for other corporate purposes.

A.G. Edwards and Sons said Thursday it agreed in principle to acquire the business and a majority of the assets of San Francisco-based Edelstein, Campbell for an undisclosed sum.

1st Half GNP Off 1.3% in W. Germany

Reuters

WIESBADEN, West Germany — The West German gross national product fell a real 1.3 percent in the first half of this year compared with the first half of 1980, the Federal Statistics Office said Thursday.

The office also said that West Germany's wholesale price index, base 1976, rose 1.3 percent in August to stand 9.5 percent higher than in August, 1980. The index had risen 0.7 percent in July for a 7 percent year-on-year gain, it said.

The statistics office said that nominal GNP for the first half rose by 3 percent from the first half of 1980. It added that the real GNP decline in the first six months stemmed primarily from a 2.1-percent decline in domestic demand compared with the same period a year earlier.

Exports of goods and services showed a real rise of 3.2 percent and imports a real rise of 0.9 percent from the first half of 1980.

In the first half of 1981 import prices rose 9 percent and export prices increased 4.8 percent from the same 1980 period.

Productivity, measured in terms of GNP at fixed prices per worker, fell 0.4 percent in the first half of 1981 from the first half of 1980. But in terms of output per working hour, productivity rose an estimated 1 percent, as the number of working hours declined in the first six months, it added.

West German July retail sales were off 3 percent from their July, 1980, level, the office added.

COMPANY REPORTS

Revenue and profits, in millions, are in local currencies unless otherwise indicated

Britain	
	BTR
1st Half	1981
Revenue	292.2
Profits	25.4
Turner & Newhall	
1st Half	1981
Revenue	303.3
Profits	105.1
Per Share	0.0254
United Biscuits Holdings	
Revenue	323.2
Profits	17.3
Per Share	0.056
France	
Cie Francaise des Petroles	
1st Half	1981
Revenue	491
Profits	58.8

CURRENCY RATES

Interbank exchange rates for Sept. 10, 1981, excluding bank service charges.

	\$	£	D.M.	F.F.	HK	Yen	S.F.	S.P.	D.R.
Amsterdam	2.675	4.787	116.24	46.30	0.2226	160.33	138.48	36.48	25.48
Bremen 101	39.39	70.775	14.798	6.828	2.3075	14.810	19.812	33.65	35.48
Frankfurt	2.415	4.281	116.24	46.30	1.914	160.33	138.48	36.48	25.48
London 101	1.7995	3.25	103.84	37.40	0.2375	160.33	138.48	36.48	25.48
Hong Kong	1.2168	2.16428	50.121	20.835	1.027	160.33	138.48	36.48	25.48
New York	1.0000	1.875	50.121	20.835	0.007	160.33	138.48	36.48	25.48
Paris	1.7975	3.25	103.84	37.40	0.2375	160.33	138.48	36.48	25.48
Zurich	2.8655	5.173	14.840	5.72	0.1706	72.34	5.7277	27.25	31.25
ECU	1.933	0.5787	2.4954	0.928	1.2583	2.7429	4.8928	2.1424	7.805

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(1) Commercial franc. (2) Amounts needed to buy one pound. (3) Units of 100. (4) Units of 1,000.



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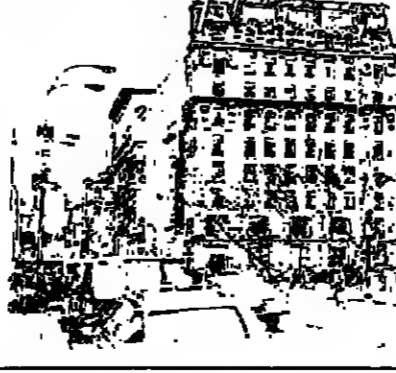
the world's other financial centers, TDB Group banks are ready to serve you.

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Trade Development Bank

Shown at left, head office of Republic National Bank of New York, U.S. subsidiary of the Trade Development Bank Holding Group. The 21st largest bank in the United States, ranked by order of deposits, Republic is one of America's fastest growing financial institutions.



Reagan Considering Retaliation If Canadians Limit U.S. Investment

By Jane Scabery
Washington Post Service

WASHINGTON — The Reagan administration is considering tough retaliatory sanctions against the Canadian government if it goes ahead with nationalization plans aimed at limiting U.S. investment in Canada.

Actions under consideration range from abandoning the U.S.-Canada auto pact to granting the president emergency powers to eliminate or alter any trade agreement between the two countries.

The actions being considered resulted from a review ordered by the Cabinet at a meeting last month, administration sources said Wednesday. At that meeting, the Commerce Department and the U.S. trade representative were asked to come up with a list of possible sanctions.

The Canadian government was notified of the White House study here Tuesday during consultations on Ottawa's "Canadianization" program.

Mr. Trudeau has proposed a new energy policy designed to reduce foreign ownership of the oil and gas industry from 72 to 50 percent by 1990 and to make Canada self-sufficient in energy.

Mr. Trudeau also has proposed tighter controls on non-energy subsidiaries of foreign companies operating in Canada. U.S. companies have complained that the proposals are aimed primarily at them. Nearly 80 percent of foreign investments in Canada are controlled by U.S. interests.

Pending Legislation

In addition to the possible U.S. administration sanctions, legislation is pending in Congress to force a moratorium on Canadian investment in the United States and stiffen financial requirements for Canadian companies attempting to acquire U.S. companies, Mr.

Waldmann said. He said the White House is considering throwing its support behind that legislation.

He added that Congress is pressuring the administration to invoke the Mineral Lands Leasing Act, which prohibits a foreign company from leasing federal land for mineral development unless that country reciprocates. The secretary of the interior can declare Canada "non-reciprocal."

Mr. Waldmann said the administration was not trying to act as a big brother telling Canada what to do, but he acknowledged that it was "finger-twisting."

The most far-reaching option being considered by the White House would allow the U.S. government to initiate an investigation under Section 301 of the Trade Act of 1974. That, after a government determination, could give the president broad powers of retaliation.

Because the clause has been invoked so rarely, administration officials are not sure whether the president's powers are restricted to the trade arena. "The powers are pretty broad," Mr. Waldmann said.

The determination that Canada violated an agreement or conducted unjustifiable trade practices must be backed by evidence, which the Commerce Department is gathering. Several weeks ago, the Commerce Department mailed to the executives of the Fortune 500 companies a questionnaire asking them what problems they have had with the Canadian government, Mr. Waldmann said.

Another issue clouded by the administration's review is the U.S.-Canadian auto pact, which the Canadians have said they want renegotiated to provide more benefits for their companies, which are

mostly divisions of U.S. companies. "Without the agreement, most of production would be in the United States," Mr. Waldmann said.

The review will determine "what position to take on future economic relations," Mr. Waldmann said. "We're saying should we have more of those agreements or fewer of those agreements?"

U.S. Raises Forecast Of Coffee Production

WASHINGTON — The U.S. Agriculture Department Thursday raised its forecast for world coffee production in the 1981-82 season from 95.3 million bags, up from 94.2 million bags that were forecast initially and up by 11.7 million bags from output in the previous season. Each bag is 60 kilograms (132 pounds).

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Canadian Embassy Spokesman

A Canadian Embassy spokesman Wednesday acknowledged the meeting with administration officials but said it would be hard for the White House to design a program to hurt Canada without also hurting the United States. He said the talks were continuing and that he expected them to produce satisfactory results.

"We're letting them know there is serious concern, not just in Congress but also in the administration, and they can't count on the

International Harvester to Trim 2,000 Jobs

By Thomas C. Hayes
New York Times Service

NEW YORK — International Harvester, beset by mounting losses despite a series of cost-cutting moves earlier this year, will dismiss up to 2,000 managers and salaried employees in the next several months while reorganizing its five operating divisions into three more centralized units.

Although the company, which has 73,000 employees, said Wednesday that the changes would add up to more than 3100

million a year in savings, analysts doubted that the restructuring would enable Harvester to gain much ground in its effort to repay \$1.2 billion in debt due by 1984. The company has said it expected to complete a refinancing of the \$4.9 billion owed to its banks by Oct. 31.

"Harvester's problems require a multitude of solutions in which cost-cutting plays an important but a minor role," said Eli S. Lustgarten, a vice president of Paine Webber Mitchell Hotchkiss.

The company said in a statement that Wednesday's announcement was "the first step in a three-year plan designed to make Harvester significantly more cost-effective by trimming overcapacity, eliminating unprofitable product lines and avoiding duplicate services and facilities."

There was no mention in the statement of plans to withdraw from any geographic markets, or to cut back on any of the company's product lines. Harvester is one of the world's largest manufacturers of trucks and farm and construction equipment.

Former Carter Aide Warns Of Sharp Decline for Dollar

By William J. Eaton
Los Angeles Times Service

WASHINGTON — The assistant secretary of the Treasury in the Carter administration has predicted that the value of the dollar would drop sharply later this year or early in 1982, slowing U.S. economic growth and adding to the rate of inflation.

The official, C. Fred Bergsten, told reporters Wednesday that President Reagan's economic program and the resulting record-high interest rates would bring a huge deficit in the U.S. balance of trade within the next 12 months.

Mr. Bergsten accused the Reagan administration of "malicious neglect" of the impact of domestic economic policies on other nations. He said the Treasury should have intervened to prevent the sharp rise in the value of the dollar in recent months.

Mr. Bergsten, assistant secretary of the Treasury for international affairs in the Carter administration, has been named director of the new Institute for International

planning; a truck group, responsible for sales and marketing and overseas manufacturing; and an equipment group responsible for all agricultural and construction equipment, sales and marketing and overseas manufacturing.

According to a news agency report, Harvester plans to introduce a new tractor with an electronically synchronized transmission next Monday in Kansas City, Mo. The transmission is said to be quieter and stronger than existing ones, and some analysts have said that the tractor could help Harvester's sales next year.

But Mr. Lustgarten said that new sources of capital and lower interest rates would be a much greater help to the company than new sales that might come from new products.

"Harvester has always had good products and it has good distribution," Mr. Lustgarten said. "That has been its problem. It desperately needs new sources of capital and a revival of demand for its products."

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Nationale-Nederlanden

To holders of warrants entitling to bearer depositary certificates representing shares in Nationale-Nederlanden N.V., established at Delft (Netherlands), and issued in conjunction with:

a) the US \$30,000,000 3% debenture loan 1978 issued by Nationale-Nederlanden Financier Corporation (Curaçao) N.V., established at Willemstad (Curaçao), and

b) the share issue by Nationale-Nederlanden N.V. in 1978 with a nominal value of DFIs 13,077,700.

As a result of the decision taken by Nationale-Nederlanden N.V. to make an interim dividend for 1981, at DFIs 3.40 per share, payable, to be taken up, at the option of the shareholder, either entirely in cash or DFIs 0.80 in cash and DFIs 0.25 nominal value in bearer depositary certificates out of tax-exempt share premium, the warrant exercise price for warrants issued in 1978 has been reduced from DFIs 111.60 to DFIs 111.41 per certificate as per 8 September 1981.

In consequence of this reduction of the warrant exercise price the number of bearer depositary certificates representing shares in Nationale-Nederlanden N.V. obtainable per 1978 - warrant has been increased to 11,291,819 shares as per 8 September 1981.

For warrants issued in 1976 the warrant exercise price current since 30 May 1980 as well as the number of bearer depositary certificates representing shares in Nationale-Nederlanden N.V. obtainable, DFIs 98.20 and 12,219,959 respectively, remain unchanged.

Delft, September 2, 1981 The Executive Board

International Harvester to Trim 2,000 Jobs

Forecasters in Doubt

Forecasters of a return to profitability by early 1982 had been made earlier this year by company executives. But sustained high interest rates have punctured anticipated demand for Harvester products and have inflicted higher than anticipated debt payments. As a result, many analysts are troubled about Harvester's ability to survive.

The company said the biggest effect of consolidating the divisions would be among its accounting, data-processing, communications and personnel departments.

Its three divisions will now include a manufacturing group, responsible for all manufacturing at Harvester's 27 North American

Weidenbaum Asks Faster Growth In Money Supply

(Continued from Page 9)

lished records and private conversations, are just as anxious as the administration to boost M1-B growth back into its target range.

The reserves available to financial institutions, other than those borrowed from the Fed, rose at a 20-percent annual rate in July and at about a 17.3-percent rate in August. But with the economy in the doldrums, the rapid increase in reserves has not yet been translated into faster growth of the money supply.

Volcker on Interest Rates

BRASILIA (AP) — Mr. Volcker said he will not foresee a decrease in U.S. interest rates soon, but he said President Reagan's budget policies eventually should lead to lower rates.

The Fed chairman, who was in South America for the inauguration of Brazil's new central bank headquarters, told a news conference Wednesday that tight U.S. monetary policies will continue as the Reagan administration tries to stabilize the economy.

Guthrie, Sime Darby Deal Called Logical by Malaysia

KUALA LUMPUR — A merger between the Guthrie plantation group, taken over by a Malaysian government corporation this week, and its leading rival Sime Darby would be logical, says Malaysia's finance minister.

Tengku Razaleigh Hamzah is deputy chairman of the Bumiputera Investment Foundation, whose investment arm Permodalan Nasional took control of 50.4 percent of London-based Guthrie in a lightning operation on the London Stock Exchange on Monday.

Permodalan is also the largest shareholder in Sime Darby, formerly based in Britain but with its headquarters now in Kuala Lumpur.

The minister told reporters Wednesday that a merger would help consolidate the rubber and palm oil industries and increase efficiency, but he gave no indication of when it might happen.

Asked to comment on criticism in London that the Guthrie takeover was nationalization by the back door, Mr. Tengku Razaleigh said it was "a commercial transaction following the normal rules of the game."

He said it had always been government policy to invest in resource-based companies and to have a say in their running.

Analysts said the takeover was part of a government policy to gain greater local control over the economy.

Mr. Tengku Razaleigh said "Malaysianization" of Guthrie would take some time.

If you need a variety of reasons for Toshiba's success, here they are.



Consumer Products Heavy Apparatus Industrial Electronics

CONSOLIDATED ANNUAL REPORT

Statement of Income (For the period April 1, 1980, to March 31, 1981) In Millions of Yen

Sales and other income	2,196,272
Costs and expenses	2,073,580
Income before income taxes	122,692
Income taxes	72,524
Net income	50,168
Net income per share of common stock	22.71 (in Yen)

5-Year Growth of Consolidated Net Sales (in million Yen) (near end March 31)

1981	2,196
1980	1,908
1978	1,703
1976	1,605
1977	1,384

Balance Sheet (March 31, 1981) In Millions of Yen

Cash and time deposits	237,594	Bank loans	486,029
Notes and accounts receivable, trade	502,055	Notes and accounts payable, trade	365,900
Inventories	402,587	Other current liabilities	517,498
Other current assets	287,556	Other liabilities	408,972
Property, plant and equipment	317,200	Common stock	111,307
Other assets	312,415	Surplus	168,781
Total assets	2,059,487	Total liabilities	2,059,487

Printed in Japan. For further information, please contact your nearest Toshiba office.

TOSHIBA CORPORATION TOKYO, JAPAN
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Australia	\$ 250.00	130.00	65.00	Hungary	\$ 250.00	130.00	65.00	Portugal	\$ 250.00	130.00	65.00
Belgium	\$ 250.00	130.00	65.00	Italy	\$ 250.00	130.00	65.00	Romania	\$ 250.00	130.00	65.00
Canada	\$ 250.00	130.00	65.00	Japan	\$ 250.00	130.00	65.00	Spain	\$ 250.00	130.00	65.00
Denmark	\$ 250.00	130.00	65.00	South Africa	\$ 250.00	130.00	65.00	Sweden	\$ 250.00	130.00	65.00
France	\$ 250.00	130.00	65.00	Switzerland	\$ 250.00	130.00	65.00	Switzerland	\$ 250.00	130.00	65.00
Germany	\$ 250.00	130.00	65.00	U.K.	\$ 250.00	130.00	65.00	Taiwan	\$ 250.00	130.00	65.00
Greece	\$ 250.00	130.00	65.00	U.S.A.	\$ 250.00	130.00	65.00	Thailand	\$ 250.00	130.00	65.00
Holland	\$ 250.00	130.00	65.00	USSR	\$ 250.00	130.00	65.00	Turkey	\$ 250.00	130.00	65.00
India	\$ 250.00	130.00	65.00	Yugoslavia	\$ 250.00	130.00	65.00	U.S.A.	\$ 250.00	130.00	65.00
Indonesia	\$ 250.00	130.00	65.00	Zimbabwe	\$ 250.00	130.00	65.00	U.S.A.	\$ 250.00	130.00	65.00
Italy	\$ 250.00	130.00	65.00					U.S.A.	\$ 250.00	130.00	65.00
Japan	\$ 250.00	130.00	65.00					U.S.A.	\$ 250.00	130.00	65.00
Malaysia	\$ 250.00	130.00	65.00					U.S.A.	\$ 250.00	130.00	65.00
Philippines	\$ 250.00	130.00	65.00					U.S.A.	\$ 250.00	130.00	65.00
Portugal	\$ 250.00	130.00	65.00					U.S.A.	\$ 250.00	130.00	65.00
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Switzerland	\$ 250.00	130.00	65.00					U.S.A.	\$ 250.00	130.00	65.00
Taiwan	\$ 250.00	130.00	65.00					U.S.A.	\$ 250.00	130.00	65.00
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Turkey	\$ 250.00	130.00	65.00					U.S.A.	\$ 250.00	130.00	65.00
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USSR	\$ 250.00	130.00	65.00					U.S.A.	\$ 250.00	130.00	65.00
Yugoslavia	\$ 250.00	130.00	65.00					U.S.A.	\$ 250.00	130.00	65.00
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NYSE Nationwide Trading Closing Prices Sep. 10

Tables include the nationwide prices up to the closing on Wall Street.

AMEX Nationwide Trading Closing Prices Sep. 10

Tables include the nationwide prices up to the closing on Wall Street.

NYSE stock market data table with columns for stock symbols, prices, and volume. Includes sub-sections for 'Questions in Canadian funds' and 'Toronto Stocks'.

AMEX stock market data table with columns for stock symbols, prices, and volume. Includes sub-sections for 'Canadian Indexes' and 'Floating Rate Notes'.

AMEX stock market data table with columns for stock symbols, prices, and volume. Includes sub-sections for 'European Gold Markets' and 'Tokyo Exchange'.

Table of European Gold Markets with columns for gold prices and market activity.

Table of Floating Rate Notes with columns for note details, interest rates, and maturities.

Table of Tokyo Exchange with columns for various Japanese stock prices and market data.

Advertisement for Valuers White Weld S.A. featuring 'Gold Options' and 'European Options Exchange' with contact information.

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Eurocurrency Interest Rates

Table of Eurocurrency interest rates for various banks and currencies.

European Stock Markets

Closing prices in local currencies for various European markets.

Table of European stock market closing prices for Amsterdam, Brussels, Frankfurt, and Zurich.

Table of European stock market closing prices for London and Milan.

Table of European stock market closing prices for Frankfurt and Zurich.

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Chicago Futures

Table of Chicago futures prices for various commodities.

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U.S. COMMODITY PRICES

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International Monetary Market

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New York Futures

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Advertisement for International Income Fund, providing details on investment options and returns.

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Advertisement for International Income Fund, detailing its track record and performance.

Advertisement for International Income Fund, providing a final summary and call to action.

Selected Over-the-Counter

Table of selected over-the-counter stock prices.

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Market Summary

Summary of market activity and trends.

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London Metals Market

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London Commodities

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Cash Prices

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Commodity Indexes

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Advertisement for 'Herald Tribune' as an international essential.

Advertisement for 'King Urges Pact To Seek Renewal In Catholic Church'.

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Advertisement for 'King Urges Pact To Seek Renewal In Catholic Church'.

Advertisement for 'King Urges Pact To Seek Renewal In Catholic Church'.

Observer

Rubik's Pentagon

By Russell Baker
NEW YORK — On my birthday Steadman gave me a Rubik's Cube. This will drive you mad...



Baker

bogged down on the Laffer Curve. "I am not completely stupid," I shouted. "I realize that the Arc kept me from mastering the Curve in time to go mad on the Cube..."

Victor Vasarely

By Jeffrey Robinson
International Herald Tribune



Vasarely: head and work superimposed.

OP Art has — with the combination of shapes and colors to produce a sense of movement. The word "kinetic" is often used interchangeably with "Op" (for optical), and art historians generally agree that it got its impetus from the Bauhaus movement in Germany...

The 'Plastician' Whose Optical Creations Are Making the Prototype a Rich Man

15 million francs. And he paid for it himself. There is also the New York center, and a Vasarely Museum in the house where he was born 73 years ago in Pecs, Hungary.

PEOPLE: Vanessa Redgrave Plans New PLO Documentary

British actress Vanessa Redgrave has told UPI-TV, a television news service, that she plans to make a documentary film with the Palestine Liberation Organization that she said will show the influence of Nazism on Jewish nationalism in the 1930s.

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